

# DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM Department Summary

#### Mission Statement

The Department's vision for Hawaii's economy is a globally competitive, dynamic, and productive economy providing opportunities for Hawaii's citizens to prosper.

# Department Goals

Lead efforts to understand and facilitate structural economic adjustments to improve the business environment and create conditions that reward productivity and entrepreneurship.

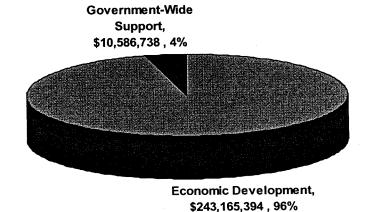
Significant Measures of Effectiveness	<b>FY 2008</b>	<b>FY 2009</b>
1. Annual percentage increase in Gross State Product	5	5
2. Number of new jobs created per annum	6,272	5,668
3. Investment generated by business development and promotional activities (\$M)	13	13

# FB 2007-09 Operating Budget by Major Program Area

# Government-Wide Support, \$8,464,029, 3%

\$242,582,022,97%

**FY 2008** 



**FY 2009** 

# DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM MAJOR FUNCTIONS

- Workforce Housing Create workforce or "gap"
  housing units, in high-quality living environments, to
  support a skilled labor force in Hawaii, by working with
  the private sector to facilitate development through
  providing state lands, expediting approval and
  permitting processes, providing incentives and
  financing tools, and advocating supportive policy
  changes.
- Workforce Development Develop, retain and attract a workforce with the skill-sets required for an innovation-driven and globally-competitive economy, by bringing together stakeholders in business, education and labor to build a 21st Century workforce system.
- "Energy for Tomorrow" Fundamentally change how Hawaii consumes energy, by accelerating the production of renewable and alternative energy, increasing energy efficiency, developing and adopting new technologies and ensuring energy security.

- Export of Goods and Services Increase the flow of people, products, services, and ideas between Hawaii and its export markets. Focus on 'pull' and 'push' factors that attract creative people to Hawaii and reinforce Hawaii's links with innovation centers in the Asia Pacific region.
- Innovation Infrastructure Create the infrastructure that enables Hawaii's creative and entrepreneurial talent to turn ideas into products and services, by providing business incubation facilities and expertise, assistance in securing funding and providing support and incentives to build innovative globally competitive businesses.
- Improve Hawaii business environment Lead public sector efforts to bring about a business environment that is market-driven, productive and entrepreneurial, by reducing regulations and barriers to doing business in Hawaii and providing support to targeted growth sectors.

# **MAJOR PROGRAM AREAS**

The Department of Business, Economic Development and Tourism has programs in the following major program areas:

Economic De BED 100 BED 105 BED 107	velopment Strategic Marketing and Support Creative Industries Foreign Trade Zone	BED 146 BED 150 BED 151 BED 160	Natural Energy Laboratory of Hawaii Authority Hawaii Community Development Authority Aloha Tower Development Corporation Hawaii Housing Finance and Development Corporation
BED 113 BED 120 BED 142 BED 143 BED 145	Tourism Strategic Industries General Support for Economic Development High Technology Development Corporation Hawaii Strategic Development Corporation	Government- BED 103 BED 130 BED 144	Wide Support Statewide Land Use Management Economic Planning and Research Statewide Planning and Coordination

# Department of Business, Economic Development and Tourism (Operating Budget)

		Allocation		
<b>77</b>		FY 2007	FY 2008	FY 2009
Funding Sources:	Positions	118.50	122.50	122.50
General Funds	\$	13,224,954	37,396,609	37,352,376
		26.50	22.50	22.50
Special Funds		137,462,404	154,507,797	157,381,522
		4.00	4.00	4.00
Federal Funds		19,761,860	20,428,521	20,303,525
Trust Funds		22,000,000	22,000,000	22,000,000
•			4.00	4.00
Interdepartmental Tr	ansfers	3,149,956	1,590,030	1,590,030
		30.00	31.00	31.00
Revolving Funds		14,894,038	15,123,544	15,124,679
		179.00	184.00	184.00
Total Requirements		210,493,212	251,046,501	253,752,132

# Highlights of the Executive Budget Request: (general funds unless noted)

- 1. Add \$25,000,000 in each year of FB 07-09 for the Rental Housing Trust Fund, for affordable rental housing.
- 2. Add \$130,000 in each year of FB 07-09 to continue 2.0 temporary positions to implement energy efficiency goals to reduce electricity and fuel consumption.

PROGRAM ID:

PROGRAM STRUCTURE NO.

PROGRAM TITLE:

# DEPT OF BUSINESS & ECONOMIC DEVELOPMENT

PROGRAM EXPENDITURES FY2005-06 FY2006-07 FY2007-08 FY2008-09 FY2009-10 FY2010-11 FY2011-12 FY2012  OPERATING COST 153.00* 179.00* 184.00* 184.00* 184.0* 184			TN DOLLA	\RS	!!		IN THOUS	ANDS	
DOFERTING COST	PROGRAM EXPENDITURES	FY2005-06				FY2009-10	FY2010-11		FY2012-13
### PERSONAL SERVICES   14,080,811   19,553,882   22,976,425   22,978,331   22,977   22,977   22,977   22,977   22,977   22,977   22,977   22,977   22,977   22,977   23,977	OPERATING COST	153.00*	179.00*	184.00*	184.00*	184.0*		184.0*	184.0*
TOTAL OPERATI RYPENESS   127,209,233   178,504,781   228,025,526   230,716						22,977	22,977	22,977	22,977
EQUIPMENT 192,374 215,226 29,550 29,550 1   MOTOR VEHICLE 20,330 24,000 24,000 24,000 24,000     TOTAL OPERATING COST 141,502,808 198,297,889 251,046,501 253,752,132 253,693						230,716	230,716	230,716	230,716
MOTOR VEHICLE   20,390   24,000   24,000   24,000   24,000   24,000   24,000   24,000   24,000   25,005   253,693			215,226		29,550				
BY MEANS OF FINANCING  GENERAL FUND  10,530,472 10,511,033 37,396,609 37,392,376 37,393 37,39	•	20,390	24,000	24,000	24,000				
118.50*   117.50*   122.	TOTAL OPERATING COST								253,693
GENERAL FUND  10,530,472 21,508 28,508 27,508 28,508 22,008 22,008 22,008 22,000 22,00	BY MEANS OF FINANCING				!				
SPECIAL FUND 122,50% 27,50% 22,50% 22,50% 22,5% 22.5% 22.5% 22.5% 22.5% 32.5%		118.50*							122.5*
SPECIAL FUND  120,112,893 125,618,858 154,507,797 157,381,522 157,332	GENERAL FUND								37,353
OTHER FED. FUNDS 10,131,780 17,198,714 20,428,521 20,303,525 20,298 20,2									22.5*
OTHER FED. FUNDS 10,131,780 17,198,714 20,428,521 20,303,525 20,298 20,298 20,298 20,298 20,298  TRUST FUNDS 22,000,000 22,000,000 22,000,000 22,000 1,590 1,510 15,120	SPECIAL FUND					•	•	,	157,332 4.0*
TRUST FUNDS  * 22,000,000 22,000,000 22,000 31,000 31,000 31,000 31,000 31,000 31,000 31,000 31,000 31,000 31,000 15,120 15,120 15,120 15,120 15  CAPITAL IMPROVEMENT COSTS PLANS  1,604,000 2,081,000 1,827,000 1,747,000 1,747,000 1,747,000 22,362,000 22,362,000 25,227,000 11,849,000 860,000 1,500 22,362,000 22,362,000 22,250,000 40,000 1,500 1									20,298
TRUST FUNDS  * 22,000,000 22,000,000 22,000,000 22,000 231.00* 31	OTHER FED. FUNDS	10,131,780			20,303,525	•			20,276 *
TRUST FORMS	TOLICT PURC	•	•		22 000 000		22,000	22,000	22,000
INTERDEPT. TRANSFER  2.00* 30.00* 1,590,030 1,590,030 1,590	IRUSI FUNDS				· · · · ·	,	,		4.0*
REVOLVING FUND  2.00* 30.00* 31.00* 3	THIEDDEDT TRANSFER	Tr.	*					1,590	1,590
REVOLVING FUND 727,663 12,969,284 15,123,544 15,124,679 15,120 15,120 15,120 15  CAPITAL IMPROVEMENT COSTS PLANS 1,604,000 2,081,000 1,827,000 1,747,000 LAND ACQUISITION 2,000 750,000 DESIGN 4,647,000 4,271,000 1,001,000 100,000 CONSTRUCTION 22,362,000 25,227,000 11,849,000 860,000 EQUIPMENT 100,000 1,988,000 2,250,000 40,000  TOTAL CAPITAL EXPENDITURES 28,715,000 34,317,000 16,927,000 2,747,000 1,500  BY MEANS OF FINANCING G.O. BONDS 26,715,000 12,317,000 12,397,000 1,747,000 4,530,000 1,000,000  TOTAL POSITIONS 153.00* 179.00* 184.00* 184.00* 184.00* 184.00* 184.00* 184.00* 184.00* 185.00* 175.60* 185.603* 263.693 253.69	INTERDEFT. TRANSFER	2.00*	30.00*					31.0*	31.0*
PLANS LAND ACQUISITION 2,000 750,000 DESIGN 4,647,000 4,271,000 1,001,000 100,000 EQUIPMENT 100,000 1,988,000 2,250,000 40,000  TOTAL CAPITAL EXPENDITURES 28,715,000 34,317,000 16,927,000 2,747,000 1,500  BY MEANS OF FINANCING G.O. BONDS G.O. BONDS G.O. BONDS REPAID REVENUE BONDS 2,000,000 1530,000 1,500 12,317,000 12,397,000 1,747,000 4,530,000 1,500	REVOLVING FUND				•	15,120	15,120	15,120	15,120
PLANS LAND ACQUISITION 2,000 750,000 DESIGN 4,647,000 4,271,000 1,001,000 100,000 EQUIPMENT 100,000 1,988,000 2,250,000 40,000  TOTAL CAPITAL EXPENDITURES 28,715,000 34,317,000 16,927,000 2,747,000 1,500  BY MEANS OF FINANCING G.O. BONDS G.O. BONDS G.O. BONDS REPAID REVENUE BONDS 2,000,000 1530,000 1,500 12,317,000 12,397,000 1,747,000 4,530,000 1,500	CAPITAL IMPROVEMENT COSTS				!				
LAND ACQUISITION 2,000 750,000 DESIGN 4,647,000 4,271,000 1,001,000 100,000 CONSTRUCTION 22,362,000 25,227,000 11,849,000 860,000 EQUIPMENT 100,000 1,988,000 2,250,000 40,000  TOTAL CAPITAL EXPENDITURES 28,715,000 34,317,000 16,927,000 2,747,000 1,500  BY MEANS OF FINANCING G.O. BONDS 26,715,000 12,317,000 12,397,000 1,747,000 G.O. BONDS REPAID 4,530,000 1,000,000 OTHER FED. FUNDS 2,000,000 18,000,000 OTHER FED. FUNDS 153.00* 179.00* 184.00*		1.604.000	2,081,000	1,827,000	1,747,000				
DESIGN 4,647,000 4,271,000 1,001,000 100,000 CONSTRUCTION 22,362,000 25,227,000 11,849,000 860,000 EQUIPMENT 100,000 1,988,000 2,250,000 40,000 TOTAL CAPITAL EXPENDITURES 28,715,000 34,317,000 16,927,000 2,747,000 1,500 TOTAL CAPITAL EXPENDITURES 26,715,000 12,317,000 12,397,000 1,747,000 G.O. BONDS CONSTRUCTION 4,530,000 1,000,000 TOTAL POSITIONS 153.00* 179.00* 184.00*		, ,			· · · · · · · · · · · · · · · · · · ·				
CONSTRUCTION 22,362,000 25,227,000 11,849,000 860,000 1,500 1,000,000 1,988,000 2,250,000 40,000 1,500 1,000,000 1,988,000 2,250,000 40,000 1,50	*	4,647,000	4,271,000	1,001,000	100,000				
TOTAL CAPITAL EXPENDITURES 28,715,000 34,317,000 16,927,000 2,747,000 1,500  BY MEANS OF FINANCING G.O. BONDS 26,715,000 12,317,000 12,397,000 1,747,000 G.O. BONDS REPAID 4,530,000 1,000,000 OTHER FED. FUNDS 2,000,000 18,000,000 OTHER FED. FUNDS 153.00* 179.00* 184.00*		22,362,000	25,227,000			1,500			
BY MEANS OF FINANCING G.O. BONDS G.O. BONDS FEVENUE BONDS OTHER FED. FUNDS  26,715,000 12,317,000 12,397,000 4,530,000 1,747,000 4,530,000 1,500		100,000	1,988,000	2,250,000	40,000	WAL SHE STOP THE SAME SAME SAME SAME SAME			
G.O. BONDS 26,715,000 12,317,000 12,397,000 1,747,000 G.O. BONDS REPAID 4,530,000 1,000,000 1,500 TEVENUE BONDS 2,000,000 4,000,000 4,000,000 1,500 TOTAL POSITIONS 153.00* 179.00* 184.00* 18	TOTAL CAPITAL EXPENDITURES	,					######################################		
G.O. BONDS 26,715,000 12,317,000 12,397,000 1,747,000 G.O. BONDS REPAID 4,530,000 1,000,000 1,500 TOTAL POSITIONS 153.00* 179.00* 184.	BY MEANS OF FINANCING				!				
G.O. BONDS REPAID REVENUE BONDS OTHER FED. FUNDS  2,000,000 4,000,000  1,500 1		26 715 000	12.317.000	12.397.000	1.747.000				
REVENUE BONDS 2,000,000 18,000,000 OTHER FED. FUNDS 4,000,000  TOTAL POSITIONS 153.00* 179.00* 184.00*		20,115,000	12,511,000			1,500			
OTHER FED. FUNDS 4,000,000  TOTAL POSITIONS 153.00* 179.00* 184.00* 18		2.000.000	18.000.000	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		•			
TOTAL POSITIONS 173.00% 177.00% 107.00		2,:::,:::	4,000,000						
1017 1017 1017 1017 1017 1017 1017 1017	TOTAL POSITIONS	153.00*	179.00*	184.00*					184.00*
	TOTAL PROGRAM COST	170,217,808	232,614,889	267,973,501	256,499,132	255,193	•		253,693

# Department of Business, Economic Development and Tourism (Capital Improvements Budget)

	FY 2008	FY 2009
<b>Funding Sources:</b>		
General Obligation Bonds	12,397,000	1,747,000
Reimbursable G.O. Bonds	4,530,000	1,000,000
Total Requirements	16,927,000	2,747,000

# Highlights of the Executive CIP Budget Request: (general obligation bonds unless noted)

- 1. Add \$1,800,000 in FY 08 for drainage improvements to Kakaako, Makai Area.
- 2. Add \$1,100,000 in FY 08 for safety improvements to Kalaeloa.
- 3. Add \$5,250,000 in FY 08 to add higher capacity pumps and distribution pipelines to existing seawater system at Natural Energy Laboratory of Hawaii Authority to meet forecasted tenant demands for seawater.
- 4. Add \$4,530,000 in FY 08 and \$1,000,000 in FY 09 in general obligation reimbursable bond funds to replace Piers B, C, and Herringbone at Kewalo Basin.
- 5. Add \$2,500,000 in FY 08 for Waiahole Valley Potable Water System Replacement.

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

REPORT B78

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PROGRAM ID

STATE OF HAWAII

PROGRAM STRUCTURE NO.
PROGRAM TITLE

DEPT OF BUSINESS & ECONOMIC DEVELOPMENT

PROJECT TITLE PROJECT PRIORITY LOC SCOPE **BUDGET PERIOD** NUMBER NUMBER SUCCEED FΥ FY FΥ FY FY FΥ FY **PROJECT** PRIOR FΥ YEARS 08-09 09 10 10-11 11-12 12-13 07-08 TOTAL YRS 05-06 06-07 COST ELEMENT/MOF 38,248 2,104 2,074 1,827 1,747 46,000 PLANS 36,381 248 36,629 LAND 100 37,531 350 2,153 1,001 41,135 DESIGN 4,251 1,500 11,849 860 628,514 607,906 2,148 CONSTRUCTION 1 288 2,250 40 34,989 32,410 **EQUIPMENT** 2,747 1,500 4,603 16,927 9,014 TOTAL 787,267 752,476 63,560 63,560 **GENERAL FUND** 4,603 5,014 12,397 1,747 637,811 661,572 G.O. BONDS 28,405 **REVENUE BONDS** 28,405 4,000 24,450 20,450 OTHER FED. FUN 4,530 1,000 1,500 250 G.O. BONDS REP 7,280 REVOLVING FUND 2,000 2,000

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PROGRAM ID:

PROGRAM STRUCTURE NO. 01

PROGRAM TITLE:

ECONOMIC DEVELOPMENT

PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST PERSONAL SERVICES OTHER CURRENT EXPENSES EQUIPMENT MOTOR VEHICLE	10,944,405 122,909,441 160,549 20,390	100.00* 11,856,853 148,063,004 171,350 24,000	134.00* 19,271,191 223,257,731 29,550 24,000	134.00* 19,281,691 226,131,456 29,550 24,000	134.0* 19,281 226,131	134.0* 19,281 226,131	134.0* 19,281 226,131	134.0* 19,281 226,131
TOTAL OPERATING COST	134,034,785	160,115,207	242,582,472 =======	245,466,697	245,412	245,412	245,412 =======	245,412
BY MEANS OF FINANCING			80.50*	80.50*	80.5*	<u> </u>	80.5*	80.5*
GENERAL FUND	78.50* 7,524,770 24.50*	76.50* 7,478,451 23.50*	34,005,693 22.50*	34,015,055 22.50*	34,015 22.5*	34,015 22.5*	34,015 22.5*	34,015 22.5*
SPECIAL FUND	118,825,732	134,381,301	154,507,797	157,381,522	157,332	157,332 * 17,940	157,332 * 17,940	157,332 * 17,940
OTHER FED. FUNDS	6,956,620 *	11,894,432 *	17,945,438 * 22,000,000	17,945,441 * 22,000,000	17,940 * 22,000	17,940 * 22,000	22,000	22,000
TRUST FUNDS REVOLVING FUND	2.00* 727,663	* 6,361,023	31.00* 14,123,544	31.00* 14,124,679	31.0* 14,125	31.0* 14,125	31.0* 14,125	31.0* 14,125
CAPITAL IMPROVEMENT COSTS	1,604,000	2,081,000	1,827,000	1,747,000				
PLANS LAND ACQUISITION DESIGN CONSTRUCTION EQUIPMENT	2,000 4,647,000 22,362,000 100,000	750,000 4,271,000 25,227,000 1,988,000	1,001,000 11,849,000 2,250,000	100,000 860,000 40,000	1,500			
TOTAL CAPITAL EXPENDITURES	28,715,000	34,317,000	16,927,000	2,747,000	1,500			
BY MEANS OF FINANCING G.O. BONDS G.O. BONDS REPAID	26,715,000	12,317,000	12,397,000 4,530,000	1,747,000	1,500			
REVENUE BONDS OTHER FED. FUNDS	2,000,000	18,000,000 4,000,000		1 1 1 1				
TOTAL POSITIONS TOTAL PROGRAM COST	105.00* 162,749,785	100.00* 194,432,207	134.00* 259,509,472	134.00* 248,213,697	134.00* 246,912	134.00* 245,412 ======	134.00* 245,412	134.00* 245,412

PROGRAM ID:

BED100

PROGRAM STRUCTURE NO. 010101

PROGRAM TITLE:

STRATEGIC MARKETING & SUPPORT

		IN DOLL	.ARS	IN THOUSANDS				
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST	18.00*	19.00*	19.00*	19.00*	19.0*	19.0*	19.0*	19.0*
PERSONAL SERVICES	998,097	1,093,400	1,176,962	1,177,132	1,177	1,177	1,177	1,177
OTHER CURRENT EXPENSES EQUIPMENT	1,056,840 16,003	2,973,571	2,857,971	2,857,971	2,858	2,858	2,858	2,858
TOTAL OPERATING COST	2,070,940	4,066,971	4,034,933	4,035,103	4,035	4,035	4,035	4,035
BY MEANS OF FINANCING  GENERAL FUND  OTHER FED. FUNDS  REVOLVING FUND	18.00* 1,769,419 39,489 262,032	19.00* 1,995,056 250,000 1,821,915	19.00* 1,963,018 250,000 1,821,915	19.00* 1,963,188 250,000 1,821,915	19.0* 1,963 250 1,822	19.0* 1,963 250 1,822	19.0* 1,963 250 1,822	19.0* 1,963 250 1,822
TOTAL POSITIONS TOTAL PROGRAM COST	18.00* 2,070,940	19.00* 4,066,971	19.00* 4,034,933	19.00* 4,035,103	19.00* 4,035	19.00* 4,035	19.00* 4,035	19.00* 4,035

#### STATE OF HAWAII

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:

BED100
010101
STRATEGIC MARKETING AND SUPPORT

	FY	FY	FY	FY	FY	FY	FY	FY
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS  1. INVESTMENT GEN BY BUS DEV & PROMO ACT \$M  2. NUMBER OF TRADE & INVESTMENT LEADS GENERATED  3. CLIENT SATISFACTN BASED ON EVAL SURVEYS  4. # JOBS GENERATED BY COMMUNITY-BASED ORGANIZATIONS  5. # NEW FIRMS ENPOLLED IN ENTERPRISE ZONE PROGRAM  6. # JOBS GENERATED BY ENTERPRISE ZONE BUSINESSES  7. # BAC CLIENTS ASSISTED BY PHONE & IN PERSON  8. # BAC LICENSE APPLICATIONS PROCESSED	31 427 19 100 73 300 17500 6500	13 650 9.5 100 40 300 NA NA	13 650 9.5 100 40 300 NA NA	13 650 9.5 100 40 300 NA NA	13 650 9.5 100 40 300 NA NA	13 650 9.5 100 40 300 NA	13 650 9.5 100 40 300 NA NA	13 650 9.5 100 40 300 NA NA
PROGRAM TARGET GROUPS  1. # HAWAII FIRMS ENGAGED IN INTERNAT'L BUSINESS  2. # ELIG NON-PROFIT COMM-BASED ORGS & COOPERATIVES  3. # SMALL BUS REQUESTING REGULATORY RELIEF/LEGIS  4. # ATTENDEES AT BAC OUTREACH ENGAGEMENTS	640 400 10 1300	700 400 10	750 400 10	775 400 10	800 400 10	800 400 10	800 400 10	800 400 10
PROGRAM ACTIVITIES  1. # INT'L BUSINESS DEVELOPMENT ACTIVITIES  2. # NATL BUSINESS DEVELOPMENT ACTIVITIES  3. #OUT-OF-STATE FIRMS, ORGS ASSTD TO LOCATE/INV HERE  4. # LOCAL FOCUSED EDUC & PROMO, BUS DEV ACTIVS  5. # PRINT, ELECTRONIC PUBLICATIONS, MKTG COLLATERAL  6. # INVESTMENT & TRADE CONSULTATIONS  7. #FIRMS GVN INFO/ASST FOR PARTIC IN ENTERPRSE ZONES	20	20	20	20	20	20	20	20
	7	10	10	10	10	10	10	10
	10	10	10	12	12	15	15	15
	9	13	13	13	13	13	13	13
	5	4	4	4	4	4	4	4
	322	300	325	325	325	325	325	325
	200	300	300	300	300	300	300	300
8. NUMBER OF BAC OUTREACH ENGAGEMENTS 9. # CBED APPLICATIONS RECEIVED & REVIEWED 10. # NEW/AMENDED RULES REVIEWD BY BUS ADV & SBRRB	70 40 55	0 55	40 55	40 55	40 55	40 55	40 55	40 55
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUES FROM THE USE OF MONEY AND PROPERTY NON-REVENUE RECEIPTS TOTAL PROGRAM REVENUES	121	101	91	91	90	90	90	90
	421	385	386	366	366	366	366	366
	542	486	477	457	456	<b>456</b>	<b>456</b>	456
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) GENERAL FUNDS ALL OTHER FUNDS TOTAL PROGRAM REVENUES	487	444	433	413	413	413	413	413
	55	42	44	44	43	43	43	43
	542	486	477	457	456	456	456	456

#### A. Statement of Program Objectives

To promote industry development and economic diversification by supporting 1) existing and emerging industries through the attraction of new investment; increase in exports of Hawaii products and services; expansion of Hawaii's participation in global trade and commerce and 2) new and existing businesses through, business advocacy, planning and coordination of programs and projects aimed at specific business sectors or economically-distressed areas, including rural areas and areas affected by natural disaster.

B. <u>Description of Request and Compliance with section 37-68 (1) (A) (B)</u> The Executive Budget adds \$179,400 for each year of the fiscal biennium in general funds for marketing and industry development for the purpose of operating two overseas offices.

#### C. Description of Activities Performed

The Strategic Marketing and Support Division (SMSD) plans, organizes, and implements programs to attract new, job-creating businesses and investments, as well as to expand markets for Hawaii's products and professional services by: (a) opening and expanding markets for Hawaii's firms; (b) attracting investment and companies in selected industry clusters; (c) providing assistance and capacity building for industries; (d) improving the business environment; (e) facilitating the State's sister-state relations and international relations. The Division also provides direct support to local small business through (a) regulatory advocacy; (b) disaster loans, (c) enterprise zone tax incentives; (d) rural development stimulation programs; (e) community-based economic development grants and technical assistance.

#### D. Statement of Key Policies Pursued

SMSD's policies are based on creating new jobs and diversifying Hawaii's economic base. Towards these objectives, export promotion policies and import substitution policies are being pursued together with business and investment attraction measures. Emphasis is placed on the following strategies: (1) opening and expanding markets for Hawaii's firms through overseas and domestic business missions; reverse missions to Hawaii (buyers, media, targeted industries); operating overseas offices in

targeted markets such as Beijing and Taipei; conducting conferences and events that provide business matchmaking opportunities; promoting and facilitating short-term training; participating in local, mainland and international trade shows; opening new marketing channels; retail promotions; supporting the Economic Development Boards and supporting industry marketing efforts; (2) attracting investments and companies in selected industry clusters utilizing the Immigrant Investor Program and targeted overseas and domestic business attraction efforts; (3) facilitating communication of opportunities and networking via newsletters, website, and working with industry associations; (4) providing assistance and capacity building to help companies reach the next level through export and enterprise workshops, manufacturing assistance and industry education; and (5) improving the business environment - developing a brand to promote Hawaii as a place for business; and addressing workforce development, visa issues, transportation and distribution issues, and promotion incentives; (6) reducing the regulatory impact on businesses; (7) encouraging new types of businesses and strengthening existing businesses especially in distressed areas and through incentives such as the Enterprise Zone Program and Community Based Economic Development Program; and (8) liaising with local military commands to ensure the viability of quality of life programs and infrastructure support for military personnel, operations, and training.

#### E. Identification of Important Program Relationships

SMSD partners with the four Economic Development Boards; County Economic Development Offices; the Chamber of Commerce of Hawaii and ethnic chambers; and industry, trade and professional organizations. It also works with the U.S. Department of Commerce; U.S. Customs; foreign consulates; U.S. embassies; sisterstate affiliations; and the Citizenship and Immigration Service (CIS); county administrations and councils; with the state Departments of Labor and Industrial Relations, Commerce and Consumer Affairs, Health, Human Services, Transportation, Taxation, Land and Natural Resources; Office of Hawaiian Affairs, and Hawaiian Home Lands; federal agencies such as IRS, SBA, USDA, DOC, DOD, EDA, and HUD; local financial institutions; and individual entrepreneurs and businesses.

#### F. Description of Major External Trends Affecting the Program

Hawaii's economy is strongly tied to the growth of Asian and Mainland U.S. economies. China's admittance to the World Trade Organization (WTO) and their hosting the 2008 Olympics in Beijing open opportunities for Hawaii firms to provide assistance, training and partnerships to service their needs. Agreements between the State of Hawaii and Chinese agencies have built relationships to position Hawaii to become the provider of choice for these services. Japan's rebounding economy, strengthening yen and increased travel to Hawaii will positively affect investments and tourism from Japan to Hawaii. The weakening U.S. dollar may adversely affect Hawaii exports to overseas markets.

#### G. Discussion of Cost, Effectiveness and Program Size Data

External trends have increased the demand for SMSD's programs to assist Hawaii businesses to expand, open new markets and take advantage of investment and business development opportunities. Revitalization of the Immigrant Investor Program is underway following several years of unfavorable treatment by the INS. Increased efforts to expand export opportunities for Hawaii products and services will continue.

Business regulatory reform needs to be accelerated so that compliance costs can be reduced and companies can grow into new markets with increasing employment.

#### H. Discussion of Program Revenue

Participation fees are collected and applied towards shared expenses incurred for trade show and mission-related costs. The direct revenue generated by these activities accrue to the participating companies through sales, orders, partnerships, contracts and investment capital for these businesses. Investigation into federal, institutional and private grant sources to expand programs or initiate new ones is underway.

#### I. Summary of Analysis Performed

The objectives and major strategies previously summarized remain the same with effectiveness measured through: (1) number of jobs generated; (2) revenue generated; (3) investment generated; (4) number of trade and investment leads serviced; and (5) dollar increase in exports of products and services. SMSD works towards long-term

relationship building and working in concert with specific industries towards common goals as evidence of successful programming. External factors interrelate so closely with most program activities that accurate independent analysis is usually not possible. Area strategic studies have produced community-approved goals, objectives and projects but do not normally include effectiveness components

#### J. Further Considerations

Hawaii is in global competition for outside investment. Without new money flowing into the State, Hawaii's economy will, at best, remain stagnant. Efforts to bring in new businesses and investment and to export Hawaii's products and professional services need to be focused and intensified. Paralleling this effort, Hawaii's business climate needs to be improved, appropriate incentives need to be developed to attract firms that can create quality jobs and further our efforts to diversify our economic base, and we need to raise the awareness of Hawaii as a place for business.

PROGRAM ID:

BED105

PROGRAM STRUCTURE NO. 010102

PROGRAM TITLE:

CREATIVE INDUSTRIES DIVISION

		TN DOLLA	RS		THOUSANDS				
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	
OPERATING COST	14.00*	9.00*	11.00*	11.00*	11.0*	11.0*	11.0*	11.0*	
PERSONAL SERVICES	804,935	568,104	707,200	707,303	707	707	707	707	
OTHER CURRENT EXPENSES	633,741	671,879	525,867	525,867	526	526	526	526	
EQUIPMENT	13,655	4,031	22,22						
TOTAL OPERATING COST	1,452,331	1,244,014	1,233,067	1,233,170	1,233	1,233	1,233	1,233	
	=======================================					20 M2 M2 44 CE CE 100 W 100			
BY MEANS OF FINANCING	12.00*	9.00*	11.00*	11.00*	11.0*	11.0*	11.0*	11.0*	
GENERAL FUND	1,192,303 2.00*	1,029,749 *	1,233,067	1,233,170	1,233 *	1,233 *	1,233 *	1,233 *	
REVOLVING FUND	260,028	214,265		1					
CAPITAL IMPROVEMENT COSTS									
DESIGN	53,000			į					
CONSTRUCTION	4,801,000			į					
EQUIPMENT	100,000								
TOTAL CAPITAL EXPENDITURES	4,954,000 ==================================	=======================================	nes and any case that that one and the past are and and			= = = = = = = = =		<b></b>	
BY MEANS OF FINANCING G.O. BONDS	4,954,000			 					
TOTAL POSITIONS TOTAL PROGRAM COST	14.00* 6,406,331	9.00* 1,244,014	11.00* 1,233,067	11.00* 1,233,170	11.00* 1,233	11.00* 1,233	11.00* 1,233	11.00* 1,233	

STATE OF HAWAII

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:

BED105
010102
CREATIVE INDUSTRIES DIVISION

	FY	FY	FY	FY	FY	FY	FY	FY
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS  1. AMT OF DIRECT EXPENDTURES FROM FILM PROD IN HAWAII 2. IMPACT ON STATE ECON BY FILM PROD DIRECT EXPENDS 3. TAX REV GEN BY DIRECT EXPEND FRM FILM PROD 4. FUNDG STIM IN ADD TO CID BGT SPPTG ARTS/CULT/FILM	100M	100M	100M	100M	100M	100M	100M	100M
	159.8M	159.8M	159.8M	159.8M	159.8M	159.8M	159.8M	159.8M
	12.9M	12.9M	12.9M	12.9M	12.9M	12.9M	12.9M	12.9M
	200000	100000	0	0	0	0	0	0
PROGRAM TARGET GROUPS  1. MAJOR HOLLYWD STUDIOS/US & INTL FILM/TV INDUSTRY  2. LOCAL PROD COMPANIES/LOCAL PROD PROFESSIONALS  3. LOCAL FILM FESTIVALS  4. TOURISTS PROMPTD BY LOCAL CULT/ARTS/EXP TO FILM/TV  5. NONPROFIT ARTS/CULT ORGS BENEF OF ECON ACT BY CID  6. FOUNDATIONS AND OTHER FUNDING SOURCES	200	200	200	200	200	200	200	200
	4000	4000	4000	4000	4000	4000	4000	4000
	20	20	20	20	20	20	20	20
	552	55460	56848	58154	59433	59433	59433	59433
	150	150	150	150	150	150	150	150
	49	39	39	39	39	39	39	39
PROGRAM ACTIVITIES  1. #FILM/TV/COMMERCIAL PROJS FILMING IN STATE YEARLY  2. # OF FILM PERMITS PROCESSED ANNUALLY  3. # LOCALLY FOCUSED EDUCATIONAL & PROMOTNL EVENTS  4. #OVERSEAS SALES/MKTG/PROMO ATTND/SPON/SPPT BY CID  5. # OF ARTS, CULTURE AND FILM INQUIRIES	140	140	140	140	140	140	140	140
	1500	1500	1500	1500	1500	1500	1500	1500
	2	12	12	12	12	12	12	12
	3	1	1	1	1	1	1	1
	3500	3604	3604	3604	3604	3604	3604	3604
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUES FROM THE USE OF MONEY AND PROPERTY CHARGES FOR CURRENT SERVICES TOTAL PROGRAM REVENUES	2 1 3	450 60 510	360 360	360 360	360 360	360 360	360 360	360 360
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) GENERAL FUNDS TOTAL PROGRAM REVENUES	3 3	510 510	360 360	360 360	360 360	360 360	360 360	360 360

#### A. Statement of Program Objectives

To promote the growth of, and to work as a business advocate for the film, video and digital media production industry; the diverse artistic and cultural resources of Hawaii; and Hawaii-made products by supporting and implementing programs, projects, and activities that result in: (1) an internationally recognized and self-sustaining cinema, television and digital arts industry; (2) an arts and culture industry that is a vibrant and sustainable sector of Hawaii's economy; and (3) the development and expansion of domestic and foreign markets for Hawaii's products.

#### B. Description of Request and Compliance with Section 37-68(1)(A)(B)

The executive budget reflects the transfer of one permanent civil service position from BED 120 to BED 105 to be redescribed as CID's Administrator.

#### C. <u>Description of Activities Performed</u>

Activities of the Creative Industries Division (CID) include film/TV production facilitation, Film Studio operation and film/TV industry location marketing and promotion, facilitating activities for export- and visitor-related components of Hawaii's arts and culture industry; identifying and supporting economic development opportunities for Hawaii's creative sectors; attracting national, regional and international arts and culture events with the potential for positive net export and visitor-related benefits; and developing and expanding domestic and foreign markets for Hawaii-made products.

#### D. Statement of Key Policies Pursued

The policies of CID are based on promoting the growth and working as a business advocate for the film, video and digital media production industry, the diverse artistic and cultural resources of Hawaii, and companies producing and/or manufacturing

Hawaii-made products with the goal of creating new businesses, jobs and the diversification of Hawaii's economic base.

#### E. Identification of Important Program Relationships

CID works with the county administrations, councils, film offices, and all county economic development boards; with state Departments of Labor & Industrial Relations, Commerce and Consumer Affairs, Health, Transportation, Taxation, Land and Natural Resources, Agriculture, Accounting and General Services, Hawaiian Home Lands, the University of Hawaii; Office of Hawaiian Affairs; federal agencies such as the Small Business Administration, U.S. Department of Commerce, Department of Defense, Economic Development Administration, National Marine Fisheries Service, National Park System, branches of the Military; unions; local trade and non-profit and for profit art organizations, chambers of commerce; financial institutions; and individual entrepreneurs and businesses.

# F. Description of Major External Trends Affecting the Program

Hawaii's economy is strongly tied to the growth or decline of Asian and Mainland U.S. economies. The robust tourism business, the construction boom and prospects for multimillion-dollar federal contracts flowing into Hawaii are creating more discretionary income for Hawaii's people. Prospects for Hawaii's economy will continue to improve. Based on a strong state economy and improving conditions in Hawaii's major overseas markets, Hawaii's Gross State Product is expected to increase in the foreseeable future.

The resulting improvements in Hawaii's economy, as well as improvements in Hawaii's image as a good place to do business will provide new opportunities for all industries in Hawaii's creative economy, including the arts and culture industry, and the film, video and digital media production industry.

#### G. Discussion of Cost, Effectiveness, and Program Size Data

Resources need to continue to be expended to take advantage of business opportunities that emerge.

#### H. Discussion of Program Revenues

The Hawaii Film Office generates revenue through the rental of the Hawaii Film Studio and through the rental of set dressing and props.

#### I. Summary of Analysis Performed

The program uses input, output, and limited outcome analysis to determine program effectiveness. External factors interrelate so closely with most program activities that accurate independent analysis is usually not possible. In the case of Hawaii's film and television industry, annual statewide statistics are obtained through the film permit process and are valuable in showing how the industry has grown in the past decade and are a strong indication of future growth potential.

On the other hand, CID and the ACDB were only created in 2003 within DBEDT in response to Governor Lingle's interest in seeing Hawaii's arts and culture industry as a vibrant and sustainable sector of Hawaii's economy. Based on our research and interactions in the community, there is an overarching need for economic planning relevant not only to our arts and culture community but to the entire creative economy of Hawaii. There has been virtually no planning for this economic sector to date. Consequently, ACDB is embarking on a planning process for the development of "A Road Map: Hawaii's Creative Economy's Potential and How to Get There." The ensuing plan will clearly lay out ACDB's role in supporting this vital sector of Hawaii's economy and will focus on Hawaii's Creative Industries that have not reached the point of maturity, as well as having the best growth potential for Hawaii.

#### J. Further Considerations

Hawaii's film and television industry has been identified as one of the state's top emerging industries and one that, with the proper levels of government support, could triple in size in the next five to ten years and become a viable player in the diversification of Hawaii's economy. Similarly, with additional government support, Hawaii's arts and culture industry could fulfill its potential as a vibrant and sustainable sector of Hawaii's economy.

PROGRAM ID:

BED107

PROGRAM STRUCTURE NO. 010103

PROGRAM TITLE:

FOREIGN TRADE ZONE

	,	TN DOLLAR	RS		IN THOUSANDS				
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	
OPERATING COST PERSONAL SERVICES OTHER CURRENT EXPENSES EQUIPMENT	19.00* 843,996 638,559 43,896	19.00* 1,053,444 902,097	19.00* 1,108,244 902,097	19.00* 1,108,244 902,097	19.0* 1,108 902	19.0* 1,108 902	19.0* 1,108 902	19.0* 1,108 902	
TOTAL OPERATING COST	1,526,451	1,955,541	2,010,341	2,010,341	2,010	2,010	2,010	2,010	
BY MEANS OF FINANCING	19.00*	19.00*	19.00*	19.00*	19.0*	19.0*	19.0*	19.0*	
SPECIAL FUND	1,526,451	1,955,541	2,010,341	2,010,341	2,010	2,010	2,010	2,010	
CAPITAL IMPROVEMENT COSTS DESIGN CONSTRUCTION		25,000 275,000					ante ante com com mon cuis linia delle cile		
TOTAL CAPITAL EXPENDITURES	***********	300,000	د د د د د د د د د د د د د د د د د د د			***			
BY MEANS OF FINANCING G.O. BONDS		300,000		!					
TOTAL POSITIONS TOTAL PROGRAM COST	19.00* 1,526,451	19.00* 2,255,541	19.00* 2,010,341	19.00* 2,010,341	19.00* 2,010	19.00* 2,010	19.00* 2,010	19.00* 2,010	

#### STATE OF HAWAII

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:

BED107
010103
FOREIGN TRADE ZONE

	FY	FY	FY	FY	FY	FY	FY	FY
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS  1. %VALUE INCR OF CARGO IN/OUT OF FTZ (EXCL SUBZONES)  2. % INCR VALUE CARGO IN/OUT OF ALL SUBZONES  3. % INCR IN VALUE OF CARGO IN/OUT OF PIER 2 FACIL  4. # OF NEW FIRMS USING FTZ PROGRAM  5. % INCR IN VALUE OF EXPORTS FROM ALL FTZ FACILITIES  6. INCR IN USERS' EMPLMT ATTRIB TO PARTIC IN FTZ PROG  7. SATIS RATING BY FTZ USERS (1-5 SCALE)  8. YEARLY SPECIAL FUND BAL (TOT REV LESS TOT EXP)	3 3 6 37 4 55 4 30	3 3 6 30 5 60 4	3 6 30 5 60 4	3 6 30 5 60 4 0	3 6 30 5 60 4	3 6 30 5 60 4	3 6 30 5 60 4	3 6 30 5 60 4
PROGRAM TARGET GROUPS  1. FIRMS USING FTZ PROGRAM (NO.)  2. COMPANIES THAT IMPORT/EXPORT DUTIABLE MERCHANDISE  3. COMPANIES THAT MANUF USING DUTIABLE COMPONENTS	391	390	390	390	390	390	390	390
	500	500	500	500	500	500	500	500
	70	70	70	70	70	70	70	<b>7</b> 0
PROGRAM ACTIVITIES  1. VALUE OF CARGO IN/OUT OF FTZ (EXCLUDING SUBZONES) 2. VALUE OF CARGO IN/OUT OF SUBZONES 3. VALUE OF CARGO IN/OUT OF PIER 2 FACILITY 4. VALUE OF CARGO HANDLD FOR DEPT OF HOMELAND SEC 5. ADVERTISING/MARKETING EXPEND ZONE PROMOTION	560	575	575	575	575	575	575	575
	840	850	850	850	850	850	850	850
	58	70	70	70	70	70	70	70
	0	0	0	0	0	0	0	0
	14	50	50	50	50	50	50	50
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUES FROM THE USE OF MONEY AND PROPERTY CHARGES FOR CURRENT SERVICES TOTAL PROGRAM REVENUES	53 1,690 1,743	40 1,480 1,520	30 1,541 1,571	1,623 1,623	1,675 1,675	1,729 1,729	1,761 1,761	1,7 <u>61</u> 1,761
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) SPECIAL FUNDS TOTAL PROGRAM REVENUES	1,743	1,520	1,571	1,623	1,675	1,729	1,761	1,761
	1,743	1,520	1,571	1,623	1,675	1,729	1,761	1,761

#### A. Statement of Program Objective

To encourage value-added and international trading activities that will create new investment and job opportunities in Hawaii by operating a statewide Foreign-Trade Zone program that reduces the barriers and costs associated with international trade.

#### B. Description of Request and Compliance with Section 37-68(1) (A) (B)

There are no additions or changes to the Executive Budget request.

#### C. <u>Description of Activities Performed</u>

The Foreign-Trade Zone Division of the Department of Business, Economic Development and Tourism administers the federal grant for FTZ9 which includes 14 zone sites throughout the State. FTZ9 operates as a public utility to make various economic advantages available to importing and exporting firms.

- 1. Operates the FTZ public warehousing and manufacturing complex as efficiently and effectively as possible.
- 2. Provides office, exhibit, warehousing and industrial space through leases and revocable permits.
- 3. Provides information to local, national and international traders and manufacturers concerning the advantages of operating in Hawaii and under the auspices of the Zone program.
- 4. Supports the private sector in its efforts to take full advantage of the benefits offered by the Foreign-Trade Zone program.

5. Plans for the expansion of services and facilities to meet the needs of firms which qualify for Zone utilization.

#### D. Statement of Key Policies Pursued

- 1. Operate the program as a self-sustaining enterprise so that operating expenditures are covered by operating revenues.
- 2. Provide for the timely expansion of physical plant and facilities support.
- 3. Operate as a public utility making the advantages of the FTZ program available to firms regardless of size or country of registration.
- 4. Actively promote Hawaii and its Foreign-Trade Zone program.
- 5. Promote the creation and expansion of special-purpose manufacturing activities in subzones and general-purpose zones throughout the State of Hawaii.
- 6. Observe and support FTZ Board guidelines to develop new business, promote the Zone concept, assist the port community in expansion, aid national export expansion, increase employment, and protect the revenue.

#### E. Identification of Important Relationships

The Foreign-Trade Zones Board in Washington, D.C. has the oversight authority for all foreign-trade zone operations in Hawaii. Additionally, federal oversight comes from the Port Director for the Honolulu Customs District of the Bureau of Customs and Border Protection. Locally, the State Department of Transportation and the Hawaii Community Development Authority are important partners in the future development of the FTZ program.

## F. Description of Major External Trends Affecting the Program

The development and growth of the program are dependent upon the amount of international trade that is moved through Hawaii. Those factors that contribute to increasing the amount of international trade in Hawaii increase the relevancy and importance of the foreign-trade zone program.

#### G. <u>Discussion of Cost, Effectiveness, and Program Size Data</u>

The operating costs for the budget period will slightly increase as the Zone program enhances its marketing efforts and seeks to upgrade certain facilities and equipment.

#### H. Discussion of Program Revenue

Revenues generated by the program consist of fees and charges for Zone usage by firms and for services provided to the Subzone operators. The program operating costs are covered by these revenues which are held in a special fund.

#### I. Summary of Analysis Performed

Not applicable.

#### J. Further Considerations

Increased program activity is anticipated as Hawaii's economy continues to improve. Act 165, SLH 2006 authorized the Governor to set aside land at Pier 2 for the FTZ program. The issuance of an executive order will enable the FTZ to obtain long-term control of the property.

PROGRAM ID:

BED142

PROGRAM STRUCTURE NO. 010104

PROGRAM TITLE:

GENERAL SUPPORT FOR ECONOMIC DEVELOPMENT

		TN DOLLA				IN IMOUS	ANDS	
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST PERSONAL SERVICES OTHER CURRENT EXPENSES EQUIPMENT	32.00* 1,671,990 326,808 18,453	34.00* 1,806,517 330,206 47,835	35.00* 2,047,048 357,197	35.00* 2,047,345 357,197	35.0* 2,048 357	35.0* 2,048 357	35.0* 2,048 357	35.0* 2,048 357
TOTAL OPERATING COST	2,017,251	2,184,558	2,404,245	2,404,542	2,405 ======	2,405 ======	2,405	2,405 ======
BY MEANS OF FINANCING GENERAL FUND	32.00* 2,017,251	34.00* 2,184,558	35.00* 2,404,245	35.00* 2,404,542	35.0* 2,405	35.0* 2,405	35.0* 2,405	35.0* 2,405
TOTAL POSITIONS TOTAL PROGRAM COST	32.00* 2,017,251 =========	34.00* 2,184,558	35.00* 2,404,245	35.00* 2,404,542	35.00* 2,405	35.00* 2,405	35.00* 2,405	35.00* 2,405

STATE OF HAWAII

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:
DROGRAM TITLE:
DED142
O10104
GENERAL SUPPORT FOR ECONOMIC DEVELOPMENT

	FY	FY	FY	FY	FY	FY	FY	FY
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS  1. % CONTRACTS & LTRS OF AGMT PROC/REVWD W/IN 10 DAYS  2. % CHNG IN AMT OF FED & NONSTATE GRANT FUNDS RECD  3. % ERROR-FREE SUMMARY WARRANT VOUCHERS PROCESSED  4. SERVER DOWNTIME AS % TOTAL OPERATIONAL TIME  5. % DBEDT EMPLOYEES WORKING W/OUT FORMAL GRIEVANCE	100	100	100	100	100	100	100	100
	0	0	0	0	0	0	0	0
	95	95	95	95	95	95	95	95
	<2.0	<2.0	<2.0	<2.0	<2.0	<2.0	<2.0	<2.0
	98	98	98	98	98	98	98	98
PROGRAM TARGET GROUPS  1. STATE RESIDENT POPULATION (1000S)  2. STATE DE FACTO POPULATION (000S)  3. NUMBER OF DBEDT POSNS (PERMANENT & TEMPORARY)	1285	1298	1312	1326	1340	1354	1368	1382
	1414	1431	1447	1464	1484	1503	1520	1530
	258	258	258	258	258	258	258	258
PROGRAM ACTIVITIES  1. # OF TESTIMONIES PRESENTED AT LEG HEARINGS  2. # OF REQUESTS FOR ALLOTMENT (A19) PREPARED  3. # OF IFBS AND RFPS ADVERTISED  4. # OF CONTRACTS & LETTERS OF AGMT EXECUTED  5. # OF SUMMARY WARRANT VOUCHERS PROCESSED  6. AMT OF FED & NONSTATE GRANT FUNDS RECD (\$1000S)  7. # OF FORMAL GRIEVANCES FILED ANNUALLY  8. # OF HAPPERSONNEL TRANSACTIONS PROCESSED ANNUALLY	500 162 22 278 3000 13000 5	500 162 22 278 3000 13000 5	500 162 22 278 3000 13000 5 1050	500 162 22 278 3000 13000 5 1050	500 162 22 278 3000 13000 5 1050	500 162 22 278 3000 13000 5 1050	500 162 22 278 3000 13000 5	500 162 278 3000 13000 5 1050

#### A. Statement of Program Objectives

To enhance program effectiveness and efficiency of economic development programs by formulating policies and plans, directing operations, allocating resources, providing staff support and other administrative services, and coordinating with and informing the public about programs, services, projects, and activities.

#### B. Description of Request and Compliance with Section 37-68(1)(A)(B)

The biennium budget request includes the transfer of a permanent position count from BED 120 to BED 142 for the establishment of a Departmental Contract Specialist position in accordance with the approved reorganization and the transfer of risk management costs of \$14,454 to the Department of Accounting and General Services. In addition, the request includes the amount of \$48,497 for a temporary Secretary position and \$12,000 for other current expenses for operating costs of the Tourism Liaison.

#### C. Description of Activities Performed

The Office of the Director provides for the overall direction and coordination of Statewide economic development, and energy programs. It formulates and executes the economic development policies of the Governor and executive branch and executes economic development initiatives proposed and approved by the Legislature.

The Administrative Services Office (ASO) provides internal management, fiscal, budgetary, contract, personnel, computer and office automation, and other miscellaneous administrative services in support of DBEDT programs and activities.

#### D. Statement of Key Policies Pursued

The activities of this program focus on facilitating, coordinating, and expediting decision-making in Statewide economic development, and energy use and development.

#### E. Identification of Important Program Relationships

Relationships are maintained with all major programs and departments of the State; planning, economic development, and energy programs at both Federal and State levels; and with the organizations, institutions, and other segments of commerce and industry.

# F. Description of Major External Trends Affecting the Program

There are many externalities that directly and indirectly affect program activities. These include crisis situations such as strikes, natural disasters, or international conflicts which require immediate policy analyses and recommendations for action; national and international fiscal policies and economic conditions; the Federal budget deficit and its attendant effects on the Federal program levels and activities; and the expanding use of local and State fiscal resources in updating and expanding infrastructure systems. Additionally, unemployment, inflation, environmental, and demographic concerns affect planning for economic development and the implementation of priority directions of the Hawaii State Plan.

## G. Discussion of Cost, Effectiveness, and Program Size Data

None.

#### H. Discussion of Program Revenues

None.

#### I. Summary of Analysis Performed

None.

#### J. Further Considerations

None.

PROGRAM ID:

BED113

PROGRAM STRUCTURE NO. 0102

PROGRAM TITLE:

TOURISM

-		IN THOUSANDS						
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST	3.00*	2.00*	2.00*	2.00*	2.0*	2.0*	2.0*	2.0*
PERSONAL SERVICES	1,911,693		2,239,305	2,239,305	2,240	2,240	2,240	2,240
OTHER CURRENT EXPENSES	109,292,330	121,199,518	134,769,674	139,769,674	139,769	139,769	139,769	139,769
TOTAL OPERATING COST	111,204,023	123,329,887	137,008,979	142,008,979	142,009	142,009	142,009	142,009
DV MEANS OF ETHANOTHS								
BY MEANS OF FINANCING	25,000	25,000						
GENERAL FUND	3.00*	25,000	2.00*	2.00*	2.0*	2.0*	2.0*	2.0*
SPECIAL FUND	111,179,023	123,304,887	137,008,979	142,008,979	142,009	142,009	142,009	142,009
CAPITAL IMPROVEMENT COSTS				į				
PLANS		10,000		ļ.				
DESIGN		10,000						
CONSTRUCTION		280,000		į				
EQUIPMENT		1,700,000						
TOTAL CAPITAL EXPENDITURES		2,000,000						
	**********	<b>**************</b>	<b></b>					######################################
BY MEANS OF FINANCING				!				
G.O. BONDS		2,000,000		1 1 1				
TOTAL POSITIONS	3.00*	2.00*	2.00*	2.00*	2.00*	2.00*	2.00*	2.00*
TOTAL PROGRAM COST	111,204,023	125,329,887	137,008,979	142,008,979	142,009	142,009	142,009	142,009

#### STATE OF HAWAII

PROGRAM ID: BED113
PROGRAM STRUCTURE: 0102
PROGRAM TITLE: TOURISM

	FY	FY	FY	FY	FY	FY	FY	FY
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS  1. TOTAL VISITOR EXPENDITURES (\$ BILLIONS) 2. TOTAL TRANSIENT ACCOMMODATIONS TAX COLLECTION 3. TOTAL VISITOR DAYS 4. TOTAL VISITOR ARRIVALS 5. AIR SEATS (\$MILLIONS) 6. HAWAII CONVENTION CENTER DELEGATE COUNT	11.6 211250 66.6 7.1 10.024 200000	12.0 231777 68.1 7.4 10.024	12.0 231777 68.1 7.4 10.024 104000	12.0 231777 68.1 7.4 10.024 104000	12.0 231777 68.1 7.4 10.024 104000	12.0 231777 68.1 7.4 10.024 104000	12.0 231777 68.1 7.4 10.024 104000	12.0 231777 68.1 7.4 10.024 104000
PROGRAM TARGET GROUPS  1. #ORGANIZATIONS THAT HOLD NATIONAL CONVENTIONS  2. TOTAL LONG-HAUL TRAVEL VISITS - JAPAN (CALENDR YR)  3. #LEISURE TRIPS TAKEN BY AIRPLANE (US) (CY)	1000	1989	1989	1989	1989	1989	1989	1989
	18	16.2	16.2	16.2	16.2	16.2	16.2	16.2
	61.9	169.7	169.7	169.7	169.7	169.7	169.7	169.7
PROGRAM ACTIVITIES  1. # SPORTING EVENTS ACTUALLY FUNDED  2. # PRODUCT ENRICHMT PROJECTS ACTUALLY FUNDED  3. # OF MAJOR FESTIVALS ACTUALLY FUNDED  4. # SPEECHES/PRESENTATIONS TO TOURISM STAKEHOLDERS  5. # OF STAKEHOLDER MEETINGS HELD  6. # OF PUBLICATIONS ISSUED	15	15	15	15	15	15	15	15
	115	125	125	125	125	125	125	125
	12	11	11	11	11	11	11	11
	50	50	50	50	50	50	50	50
	25	30	30	30	30	30	30	30
	3	5	5	5	5	5	5	5
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) TAXES REVENUES FROM THE USE OF MONEY AND PROPERTY NON-REVENUE RECEIPTS TOTAL PROGRAM REVENUES	101,734	108,109	115,911	119,942	124,047	128,277	132,648	132,648
	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
	118,734	125,109	132,911	136,942	141,047	145,277	149,648	149,648
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) SPECIAL FUNDS TOTAL PROGRAM REVENUES	118,734	125,109	132,911	136,942	141,047	145,277	149,648	149,648
	118,734	125,109	132,911	136,942	141,047	145,277	149,648	149,648

#### BED 113 TOURISM

#### A. Statement of Program Objectives

To achieve a strong and sustainable tourism industry that provides benefits to the State of Hawaii and its people..

#### B. Description of Request and Compliance with Section 37-68(1)(A)(B)

The biennium budget reflects increases to the tourism special fund authorization to cover expenses related to the implementation of various tourism programs, initiatives, and activities pursuant to nine statewide tourism strategic initiatives described in the recently adopted "Hawaii Tourism Strategic Plan: 2005-2015 (State TSP)." Funds will also be transferred from other current expenses to cover additional personnel services costs (salaries and fringe benefits) for the Hawaii Tourism Authority (HTA) staff to implement and manage the numerous strategic initiatives.

#### C. Description of Activities Performed

In 2004, the HTA completed a long-term tourism strategic plan for the State of Hawaii entitled the "Hawaii Tourism Strategic Plan: 2005-2015" (State TSP). The State TSP is a ten year strategic plan which provides a comprehensive overall strategic direction for Hawaii's visitor industry on a statewide basis. The State TSP was developed using research from tourism studies and public input solicited from tourism stakeholders, state and county entities, and any interested organization or individuals from the private and public sectors, including the Hawaiian community. As a result, the State TSP is based upon the following nine tourism strategic initiatives: Access; Communications and Outreach; Hawaiian Culture; Marketing; Natural Resources; Research and Planning; Safety and Security; Tourism Product Development; and, Workforce Development.

The implementation of these strategic initiatives requires the HTA to continue its support of the following current activities by initiative:

- Access includes airport and harbors greetings program, airlift development program and advocacy of airlift and other transportation issues.
- Communications & Outreach includes efforts to communicate and educate tourism stakeholders about HTA programs, state tourism policy and industry activities through media relations and publicity efforts, special events like the Hawaii Tourism Conference, Visitor Industry Campaigns, HTA Web Sites, informational collateral (e.g., press releases, email bulletins, speeches and reports) and outreach efforts (e.g., community meetings and presentations).
- Hawaiian Culture includes the development of a Hawaiian Culture Program with the support of
  HTA's Hawaiian Cultural Program Advisory Council, implementation of the Keep It Hawaii
  Program, support for Native Hawaiian signature events and a partnership with the Native
  Hawaiian Hospitality Association.

- Marketing includes leisure marketing programs, business marketing programs, sports marketing programs, and other efforts.
- Natural Resources includes the implementation of HTA's Natural Resource Program.
- Research & Planning includes various projects such as the marketing effectiveness
  accountability study, development of county tourism strategic plans, resident sentiment survey
  and a sports facility guide.
- Safety & Security includes the visitor assistance program and two crime prevention efforts.
- Tourism Product Development includes the Product Enrichment Program which supports
  community-based tourism projects in all counties; Major Festivals Program which supports
  various festivals throughout the State; and Other Product Development activities around the
  State.
- Workforce Development includes support for a travel industry career training program in Hawaii's high schools and a partnership with the University of Hawaii Travel Industry Management School for a strategic workforce master plan.

Additionally, as part of the Marketing initiative, the HTA will continue to implement activities that will increase the effectiveness of the marketing of the Hawaii Convention Center to maximize meetings, conventions, and visitor counts, quality servicing of the convention center clientele, and providing information to the community regarding its operations.

#### D. Statement of Key Policies Pursued

- Implementation of the State TSP. The nine initiatives identified in the State TSP make up the
  framework under which the HTA will develop and implement its tactical programs and activities
  over the next biennium. As part of these efforts, the HTA will also focus on implementation of
  accountability programs, to measure and improve agency operations.
- 2. Responding to emergencies. Over the last five years, there have been several events like the terrorist attacks of September 11, 2001, this year's labor union negotiations and the October 2006 Kona earthquake that caused or had the potential to cause a substantial interruption of Hawaii's commerce, with an adverse effect on the welfare of the people of Hawaii.

#### E. Identification of Important Program Relationships

Key to the success of the State TSP will be the joint efforts of the Governor's Tourism Liaison and the staff of the HTA and its various contractors. All parties must continue to work together to ensure the active participation of the various state and county government departments and the private organizations that have been identified as either the lead or supporting agency responsible for implementing one of the nine tourism strategic initiatives provided in the State TSP. Pursuant to its additional responsibility to manage the implementation of the State TSP, the HTA must also maintain relationships with the various parties in the private and public sector that have been identified in this

#### BED 113 TOURISM

plan as being either a lead or supporting party responsible for the development and execution of action plans that will be designed to implement the strategic initiatives described in the TSP.

#### F. Description of Major External Trends Affecting the Program

Tourism is the number one economic engine for Hawaii. It accounts for 24.2 percent of the state's total employment and 23 percent of the gross state product. However, several external trends continue to affect tourism. Hawaii continues to compete with other visitor destinations that have consistently expended significant funds to market and promote their respective destination. Moreover, other convention center facilities have recently been built with either attached hotel amenities or other features that competes with the Hawaii Convention Center and Hawaii as a destination.

The current war in Iraq and threats of terrorism continue to instill a fear of traveling away from home. The resulting homeland security measures have further inconvenienced travelers at airports, especially those travelers that must travel long distance from international ports. The numerous restrictions, requirements, and burdensome process to obtain a VISA have resulted in limiting the number of foreign travelers and especially from China.

Although economic conditions have improved in Hawaii's three top visitor source markets (U.S. West, U.S. East and Japan), the future trend must be continually monitored to ensure that Hawaii's marketing efforts will appropriately address changing economic conditions.

#### G. Discussion of Cost, Effectiveness, and Program Size Data

The following indicators demonstrate the overall health of Hawaii's visitor industry:

Visitor Statistics	2005	2006 Projections*
Visitor Expenditures	\$11.904 billion	\$12.5577 billion
Visitor Days	68.242 million	69.208million
Visitor Arrivals	7.494 million	7.528 million

<sup>\*</sup>Projections are based on DBEDT statistics using actual information from January – September 2006 and projections for the months of October, November and December 2006.

Besides the above indicators for Hawaii's visitor industry, the HTA has also been reviewing the results from its various program areas in an effort to evaluate and improve their effectiveness.

#### H. Discussion of Program Revenues

Tourism Special Fund (TSF).

- Act 156, SLH 1998 established the TSF into which 37.9% of revenues from the Transient Accommodations Tax (TAT) may be deposited.
- Act 250, SLH 2002 authorizes the following changes with respect to TAT revenues:

- The percentage of TAT revenues deposited into the TSF was reduced from 37.9% to 32.6 %;
- The difference of 5.3% was deposited into a newly established Transient Accommodation Tax Trust Fund to supplement shortfalls in the TSF when the TSF does not receive \$63,329,000 in TAT revenues.
- Act 235, SLH 2005 authorizes the following changes with respect to TAT revenues:
  - The percentage of TAT revenues deposited into the TSF was reduced from increased from 32.6% to 34.2% effective July 1, 2007; and
  - The difference of 3.7% will be deposited into the General Fund and the TAT Trust Fund will be abolished.

#### Convention Center Enterprise Special Fund (CCESF).

- Act 253, SLH 2002 established the CCESF and moneys in the fund shall be used to pay all debt service and all operating costs related to the convention center; provided, that beginning January 1, 2002, if the amount of TAT revenues collected for deposit into the CCESF exceeds \$31 million in any calendar year, the excess revenues collected shall be deposited into the general fund
- Act 209, SLH 2006 authorized the following change. Beginning January 1, 2006, if the amount
  of TAT revenues collected for deposit into the CCESF exceeds \$33 million in any calendar year,
  the excess revenues collected shall be deposited into the general fund

#### I. Summary of Analysis Performed

The following information demonstrates how tourism contributes to Hawaii's economy. In 2005, Hawaii's travel and tourism industry:

- Produce \$12.4 billion or 23.0 percent of Gross State Product;
- Accounted for approximately 201,766 jobs or 24.2 percent of total employment for the State; and
- Contributed 1.27 billion tax dollars to the state and county government or 23.2 percent of total state and county tax revenues.

#### J. Further Considerations

None.

PROGRAM ID:

BED120

PROGRAM STRUCTURE NO. 010501

PROGRAM TITLE:

STRATEGIC INDUSTRIES

		IN DOLL	ARS			IN THOUS	SANDS	
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST	12.00*	11.00*	9.00*	9.00*	9.0*	9.0*	9.0*	9.0*
PERSONAL SERVICES	1,518,250	1,601,217	2,110,750	2,110,884	2,111	2,111	2,111	2,111
	1,145,405	1,094,790	3,296,092	3,296,092	3,296	3,296	3,296	3,296
OTHER CURRENT EXPENSES EQUIPMENT	34,796	30,948	3,2,0,0,2	0,2,0,0,2	-,	.,	•	•
·	-				E 107	E 407	5,407	5,407
TOTAL OPERATING COST	2,698,451	2,726,955	5,406,842	5,406,976	5,407	5,407 ======	9,40 <i>1</i>	), TO/
BY MEANS OF FINANCING	12.00*	11.00*	9.00*	9.00*	9.0*	9.0*	9.0*	9.0*
				1,143,579	1,144	1,144	1,144	1,144
GENERAL FUND	1,022,081	908,530	1,143,447	1,173,577	*	*	*	*
OTHER FED. FUNDS	1,676,370	* 1,818,425	4,263,395	4,263,397	4,263	4,263	4,263	4,263
TOTAL POSITIONS	12.00*	11.00*	9.00*	9.00*	9.00*	9.00*	9.00*	9.00*
TOTAL PROGRAM COST	2,698,451	2,726,955	5,406,842	5,406,976	5,407	5,407	5,407	5,407
IVIAL PROGRAM COST						========		

STATE OF HAWAII

PROGRAM ID: BED120
PROGRAM STRUCTURE: 010501
PROGRAM TITLE: STRATEGIC INDUSTRIES

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
MEASURES OF EFFECTIVENESS								
<ol> <li># QUALIFIED TRADE LEADS GENERATED</li> <li>#BUS/ORGS PARTIC IN OUTRCH, MKT &amp; INDUS DEV ACTIV</li> <li>DECLINE IN ENERGY USE PER CAP/PER ECON OUTPUT UNIT</li> <li>RATIO OF EXTERNAL:STATE MATCHING SPPT OF COOP ACT</li> </ol>	202 710 7025 5.32:1	202 660 7000 2.41:1	202 610 6990 5.71:1	202 510 6980 5.71:1	202 510 6970 5.71:1	202 460 6960 5.71:1	202 460 6950 5.71:1	202 460 6940 5.71:1
PROGRAM TARGET GROUPS  1. # BUS/ORG INTERSTD IN ENERGY/ENV/OCEAN/RECY PROD  2. ENERGY CONSUMERS STATEWIDE  3. ENERGY PRODUCERS STATEWIDE	3300 1394956 58	676 1404695 58	676 1414415 58	676 1424203 58	676 1434059 58	676 1443982 58	676 1453975 59	676 1464036 60
PROGRAM ACTIVITIES  1. # BUSINESS DEV & PROMO ACTIVITIES DEV & SUPPORTED  2. # IND/MARKET DEV ASSESSMENTS CONDUCTED  3. # INDUSTRY OUTREACH PROJECTS DEV & IMPLEMENTED  4. # ENERGY EFFIC & RENWBLE ENRG PROJ DEV & IMPLMTD	5 3 8 15							
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUES FROM THE USE OF MONEY AND PROPERTY REVENUE FROM OTHER AGENCIES: FEDERAL	59 428	72 689	74 175	51 24	· 27			
TOTAL PROGRAM REVENUES	487	761	249	75	27			
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
SPECIAL FUNDS	487	761	249	75	27			
TOTAL PROGRAM REVENUES	487	761	249	75	27			

#### A. State of Program Objectives

To achieve the growth, diversification, and long-term stability of the State's economy by facilitating the sustained development of Hawaii's technology-based strategic industries.

B. Description of Request and Compliance with Section 37-68(1) (A) (B)
Continue funding of \$130,000 for two (2) budgeted, exempt positions (Renewable Energy Analyst and Energy Efficiency Analyst) funded by Act 96, SLH 2006, to support renewable energy, energy efficiency, and other sustainable building practices in State facilities, also required by Act 96. Both positions were established and hiring approved to support this new initiative, "Lead by Example."

#### C. Description of Activities Performed

SID implements the State Energy Resources Coordinator's (ERC) responsibilities to conduct energy planning and policy development activities in energy efficiency, renewable energy and clean fossil energy resources, maintain and exercise energy emergency preparedness and critical energy infrastructure protection plans and procedures, and participate in relevant legislative and policy proceedings.

SID implements, and coordinates the private and public sectors' implementation of *Energy for Tomorrow (EFT)* program, by initiating and engaging in partnerships in successful program activities and projects under the six major components of the *EFT* strategic action plan:

- 1. Savings Through Efficiency
- 2. Independence Through Renewable Energy
- 3. Fuels Through Farming

- 4. Security Through Technology
- 5. Empowering Hawaii's Consumers
- 6. Preserving Hawaii's Energy Security

These initiatives are designed to fundamentally change how Hawaii consumes energy, accelerate the production of renewable and alternative energy, increase energy efficiency, develop and adopt new technologies and ensure the State's energy security, which comprise the net goals of the landmark energy statutes enacted in 2006.

SID is funded by the U.S. Department of Energy (USDOE) to support the federally established State Energy Program.

SID coordinates Lead by Example (LBE), a new program focused on setting and achieving specified targets for energy efficiency, renewable energy and sustainable building practices for all state, and attached agencies, Act 96, SLH 2006, and Administrative Directive 06-01, Energy and Resource Efficiency and Renewable Energy and Resource Development.

SID develops programs to increase commercial activities in technology sectors with high growth potential. These sectors include, but are not limited to, dual-use, life sciences, astronomy and aerospace, and ocean science and technology.

SID leads DBED's efforts to link the University of Hawaii (UH) with the Hawaii business community, to increase the university's ability to create and grow businesses from the research and innovation coming from the university and to maximize its potential as an economic engine for Hawaii; assists UH obtain federal funding for such enterprises.

#### D. Statement of Key Policies Pursued

The legal basis of Hawaii's energy program is cited in HRS Chapter 226 (Hawaii State Planning Act), §18, the state's energy objectives to reduce dependence on imported oil.

Chapter 196, and Chapter 226-18, HRS, require state energy planning and project activities in energy efficiency, renewable energy and clean fossil energy resources to support achievement of these energy policies. SID also supports Chapter 26-18(a), HRS, which provides DBED: [S]hall . . . encourage the development and promotion of industry and international commerce through programs established by law.

Chapters 125C and 128, HRS, assign energy emergency and critical energy infrastructure protection planning and response functions to DBED, which SID conducts with industry and State Civil Defense. SID conducts energy analyses, with data received pursuant to Chapter 486J, HRS.

#### E. Identification of Important Program Relationships

SID relationships include: Departments of Accounting and General Services, Agriculture, Health, Land and Natural Resources, and Transportation, State Civil Defense, Consumer Advocate, Office of Environmental Quality Control, Public Utilities Commission, University of Hawaii, Natural Energy Laboratory of Hawaii Authority, High Technology Development Corporation, Hawaii Strategic Development Corporation, Pacific International Center for High Technology Research, County governments, U.S. Departments of Energy, Interior, and Commerce, National Laboratories, Environmental Protection Agency, public/energy consumers; energy, building, science & technology/service, and ocean industry groups and companies.

#### F. Description of Major External Trends Affecting the Program

Increasing economic risk from extreme overdependence on higher-priced imported crude oil with import sources concentrating in the Middle East has prompted support of SID's refocus on its core energy functions; i.e., energy efficiency, renewable energy and alternate fuels, comprehensive energy planning and energy emergency preparedness.

Federal government energy programs increasingly rely on state governments to deploy advanced energy technologies. Export and domestic markets for these technologies continue to grow. Alternative energy is a recognized growth sector for Hawaii.

Maturation of the ocean R&D industry, supported by the state, has led to a refocus of program effort to a broader science and technology industry.

# G. Discussion of Cost, Effectiveness, and Program Size Data

SID tracks several measures of effectiveness to monitor its performance:

Besides state support, SID pursues federal funds to support state energy initiatives. Over the past 12 years, SID has developed about \$5.7 million of federal funds, an average of approximately \$474,000 per year. Grants are developed by public/private partnerships with contracts awarded to the private sector help to grow this sector.

Hawaii's energy intensity, (ratio of energy input/Gross State Product (GSP\*) output), has continued to decrease (improve) over the past 35 years, from approximately 11,492

Btu/\$1.00 of GSP in 1970, this value has improved to 6,934 Btu/\$1.00 of GSP, in FY 06 (\*GSP in constant 2000 dollars.)

Energy efficiency projects from performance contracting in public facilities are estimated to generate about \$ 64 million of investment in these projects; \$9 million annual energy savings statewide facilities; 851 jobs created.

SID continues to update the state Model Energy Code (MEC), which is to reduce energy costs by approximately \$336 million, reduce oil imports by 5 million barrels, and generate \$97 million worth of investments in energy efficiency.

SID has several major federal grants in partnership with the University of Hawaii and several private companies to develop Hawaii's "renewable hydrogen economy" which will position the state to be the nation's leaders for R&D and deployment of fuel cells and hydrogen.

Act 78, SLH 2006, amended Chapter 486J, HRS, reassigning lead agency role to the PUC, but retained DBEDT-SID's use and full access to the expanded volumes of petroleum industry data reported to the state. SID requires this and other energy data, along with adequate resources and analytic staff to support the Governor, and ERC fulfill their respective statutory energy emergency preparedness and all energy program responsibilities.

#### H. Discussion of Program Revenues

SID actively seeks grants from competitive federal grant funds, but state funding must be maintained for the cost match normally required for these grants. With extreme reductions of non-defense federal funding availability, USDOE and other federal grants are declining, and those remaining are increasingly competitive.

#### I. Summary of Analysis Performed

In addition to energy and other performance analyses, SID conducts periodic surveys of ocean science and technology industry revenues, employment and other related metrics.

# J. <u>Further Consideration</u>

None.

PROGRAM ID:

BED143

PROGRAM STRUCTURE NO. 010502

PROGRAM TITLE:

HIGH TECHNOLOGY DEVELOPMENT CORPORATION

		IN DOLL/	1RS			IN 14002	ANDS	
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST PERSONAL SERVICES OTHER CURRENT EXPENSES EQUIPMENT	3.00* 1,035,347 2,401,759 21,296	3.00* 1,086,280 3,747,990 56,282	3.00* 1,784,360 8,060,523	3.00* 1,784,424 8,060,523	3.0* 1,784 8,061	3.0* 1,784 8,061	3.0* 1,784 8,061	3.0* 1,784 8,061
TOTAL OPERATING COST	3,458,402	4,890,552	9,844,883	9,844,947	9,845	9,845	9,845	9,845
BY MEANS OF FINANCING	1.50*	1.50*	1.50*	1.50*	1.5*	1.5*	1.5*	1.5*
GENERAL FUND	1,160,518 1.50*	965,365 1.50*	968,401 1.50*	968,465 1.50*	968 1.5*	968 1.5*	968 1.5*	968 1.5*
SPECIAL FUND	870,039 *	942,705 *	3,827,732 *	3,827,732	3,828	3,828	3,828	3,828 * 3,549
OTHER FED. FUNDS REVOLVING FUND	1,427,845	2,982,482	3,548,750 1,500,000	3,548,750 1,500,000	3,549 1,500	3,549 1,500	3,549 1,500	1,500
TOTAL POSITIONS TOTAL PROGRAM COST	3.00* 3,458,402	3.00* 4,890,552	3.00* 9,844,883	3.00* 9,844,947	3.00* 9,845	3.00* 9,845	3.00* 9,845	3.00* 9,845

STATE OF HAWAII

PROGRAM ID: BED143
PROGRAM STRUCTURE: 010502
PROGRAM TITLE: HIGH TECHNOLOGY DEVELOPMENT CORPORATION

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
MEASURES OF EFFECTIVENESS  1. # OF COMPANIES ASSTD AT HTDC INCUBATION CENTERS  2. MKTG:# OF INDIVIDUALS OR COMPANIES ASSISTED	170 37758	165 38645	190 59200	220 60400	230 63400	230 66550	230 69850	230 73325
PROGRAM TARGET GROUPS  1. #OF POTENTIAL TECH-BASED COMPANIES  2. #OF COMPANIES APPLYING FOR INCUBATION SERVICES	2635 65	1698 70	1160 35	1290 40	1300 45	1315 47	1330 49	1350 51
PROGRAM ACTIVITIES  1. # OF CONTACTS AND RESPONSES	155727	160287	248900	255000	267590	280750	294570	309090
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUES FROM THE USE OF MONEY AND PROPERTY REVENUE FROM OTHER AGENCIES: FEDERAL CHARGES FOR CURRENT SERVICES	229 3,519 991	203 4,261 1,161	193 1,214	145 855	135 1,218	133 1,219	131 1,220	805 1,220
TOTAL PROGRAM REVENUES	4,739	5,625	1,407	1,000	1,353	1,352	1,351	2,025
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) SPECIAL FUNDS	4,739	5,625	1,407	1,000	1,353	1,352	1,351	2,025
TOTAL PROGRAM REVENUES	4,739	5,625	1,407	1,000	1,353	1,352	1,351	2,025

### A. Statement of Program Objectives

To develop and promote Hawaii's science and technology assets and resources; implement programs to support attraction, expansion, and retention of technology companies; support firms engaged in technology research & investment, and projects that support national and State interests; utilize facilities and infrastructure in Hawaii to foster commercial technology development; and promote and provide support for businesses involved in information & telecommunication technology, biotechnology, medical healthcare technology and earth/ocean/space science technologies.

- B. <u>Description of Request and Compliance with Section 37-68 (1)(A)(B)</u>
  The Biennium Budget includes housekeeping requests to reallocate funds between Personal Services and the Other Current Expenses cost elements to align to projected salary and fringe benefit costs:
  - Special Fund: Reallocation of \$33,667 between cost elements.
  - Federal Fund: Reallocation of \$51,332.between cost elements.

#### C. Description of Activities Performed

- Enhance high tech development with a) its incubation programs and activities at
  the Manoa Innovation Center (MIC) and Maui Research & Technology Center
  (MRTC). The centers provide tenants networking opportunities, business
  development services, links emerging commercial high tech ventures to
  University research & development organizations, high tech communications
  capabilities, and other business support amenities and services, b) partnership
  with UH-Hilo to provide support in the development of a business incubator at the
  Hawaii Innovation Center at Hilo (HICH), and c) virtual incubation program to
  companies that do not want to physically reside at the centers.
  - HTDC is establishing a representative office at a large tech park in Beijing to explore business opportunities both for U.S. companies as well as Chinese companies looking for a U.S. presence by establishing operations in Hawaii. Other offices may be established in other Asian countries.
- 2) Facilitates federal and/or Dual Use Opportunities with: a) the Small Business Innovation Research (SBIR) program, the purpose of which is to expand new science, tech and agricultural-based economic development and

- commercialization, increase revenues to the State, and provide sustainable, high quality job opportunities, b) Hawaii Center for Alternative Transportation Technologies (HCATT), whose recent publicized project is the construction of the first portable hydrogen fueling station by collaborating with the U.S. Air Force at Hickam, and c) Manufacturing Extension Partnership (MEP) program funded by the National Institute of Standards and Technology to assist small companies become more globally competitive by improving their business operation and expanding business through new product development.
- 3) Focused marketing and promotion programs to encourage tech sector development by a) conducting or sponsoring conferences/workshops, b) promoting HTDC programs and seminars as part of its awareness campaign, c) administering the State's tech website: <a href="www.hitechhawaii.com">www.hitechhawaii.com</a> that is a one-stop web portal that promotes Hawaii's high tech capabilities including, information on Act 221/Act 215, tech events in Hawaii, local tech job opportunities <a href="www.techjobshawaii.com">www.techjobshawaii.com</a>, HTDC programs and tech industry reports at <a href="www.htdc.org">www.htdc.org</a> including, a directory of local tech companies, links to other technology resources statewide, and help sites to establish business in Hawaii, d) public relations, publications, editorials, spots on tech-related television programs, and participation in the trade mission to China, e) provides the State a biennial assessment of the local technology industry, trends, policies, and support needs.
- 4) Key contributor in working with DBEDT to craft coordinated policies and/or programs for the high tech sector. HTDC provides on-going information to inform legislators' about high tech issues to facilitate sound policy making.

# D. Statement of Key Policies Pursued

HTDC's tech-based economic development programs and activities support DBEDT's strategic objectives of 1) workforce development, 2) "Energy for Tomorrow", 3) exportation of goods and services, 4) creation of an innovation infrastructure, and 5) improve Hawaii's small business environment.

E. <u>Identification of Important Program Relationships</u>
Important program relationships include: the Legislature, Chambers of Commerce,
Economic Development Boards, Dept. of Commerce NIST, Dept. of Defense, Small
Business Admin., Hawaii Science and Technology Council, Maui High Performance

Computing Center, Pacific International Center for High Technology Research, Hickam Air Force Base, Pacific Missile Range Facility, Hawaiian Electric Company, Small Business Development Center, various technical and professional technology organizations, individuals providing technical advisory services to incubation program companies, professional technology based economic development associations and institutes and other organizations within the State such as, UH's: Office of Technology Transfer & Economic Development (OTTED), Research Corporation of the University of Hawaii, UH School of Medicine, community college system, East West Center; Hawaii Strategic Development Corporation, Hawaii Tourism Authority, Natural Energy Laboratory of Hawaii, Hawaii Community Development Authority; DAGS, ICSD; DOE; DHRD; and Dept. of Taxation.

### F. Description of Major External Trends Affecting the Program

- Lack of capital financing for tech startups: Hawaii continues to face the challenge
  of developing a sufficient capital base to finance the early stages of small start-up
  tech companies. While both the State and private sector continue efforts to
  provide a network of capital to these companies, it remains difficult to compete
  for the limited dollars available.
- 2) Decrease in federal funding partially due to redirected resources to fund other priorities of the nation. This has resulted in the reduction or elimination of funding for programs/projects HTDC had received in the past.
- 3) Many of our tech companies are inexperienced start-ups or university researchers that lack the necessary business knowledge to successfully commercialize their innovations. Focused business training is needed to assist these firms accelerate their product to market.
- 4) Hawaii lacks a local pool of qualified tech trained workforce.

#### G. Discussion of Cost, Effectiveness, and Program Size Data

Costs FY2005-06: (includes general, special, federal and revolving funds)

Budgeted

\$10.097 million

Actual \$ 4.282 million

Primary reasons for variances are:

The variance is primarily due to lower than budgeted expenditures in the special and federal funds plus inactivity of the \$1.5 million revolving loan fund which lacks seed monies to start the program. Other major variances included: 1) the special fund budget which included in excess of \$1.7 million for potential new project opportunities, like developing an incubator in downtown or Kakaako

which did not materialize, 2) the Congressional appropriation for HCATT came late in the State fiscal year resulting in a \$1.1 million timing issue where contracts could not be obligated before the close of the fiscal year.

Effectiveness:	FY06	FY06	FY07
	Target	Actual	Proj.
1. # of companies' asst. at incub. ctrs.	170	117	165
2. Mktg: # of individuals or co. assisted	37,758	58,721	59,300

Primary reasons for variances are:

- a. The virtual incubation program has been slow to generate interest. The estimated activity for the virtual program has been adjusted downward for FY07. The adjustment for the virtual program is offset a little by the addition of potential activities at the representative office opened in China and expansion of the Hawaii SBIR program to include Small Business Technology Transfer (STTR) companies. The representative office will benefit HTDC's tenants exploring opportunities in China and/or Chinese companies exploring opportunities in Hawaii and entry into the U.S. market.
- b. The Internet has broadened our ability to assist individuals and companies remotely. The high volume of activity on HTDC's three websites surpasses budget in FY06. The FY07 projection reflects the trend for higher level of activity.

### H. Discussion of Program Revenues

Program revenues are primarily generated from rents and user fees charged to tech center occupants. Other revenues include fees collected from conferences, parking, interest, and funding for new projects obtained through contracts or private sector grants. Revenues are used to cover a portion of the program's operating budget and to set aside to fund a large portion of building(s) repairs and replacement needs. The federally funded MEP program generates revenues from services provided by the staff and the funds are expended back into the program as required by the grant

- Summary of Analysis Performed None.
- J. <u>Further Considerations</u> None

PROGRAM ID:

BED145

PROGRAM STRUCTURE NO. 010503

PROGRAM TITLE:

HAWAII STRATEGIC DEVELOPMENT CORPORATION

		IN DOLLA	\RS			IN IHOUS	VMD2	
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST	1.00*	*	*	*	*	*	*	*
PERSONAL SERVICES	196,881	191,590	200,878	200,878	201	201	201	201
OTHER CURRENT EXPENSES	47,749	4,071,850	8,814,350	6,681,225	6,681	6,681	6,681	6,681
EQUIPMENT	1,867							
TOTAL OPERATING COST	246,497	4,263,440	9,015,228	6,882,103	6,882	6,882	6,882	6,882
BY MEANS OF FINANCING  GENERAL FUND  SPECIAL FUND	1.00* 94,540 *	*	* 4,742,500 *	* 2,609,375 *	* 2,609 *	* 2,609 *	* 2,609 *	* 2,609 *
REVOLVING FUND	151,957	4,263,440	4,272,728	4,272,728	4,273	4,273	4,273	4,273
TOTAL POSITIONS	1.00*	*	*	*	*	*	*	*
TOTAL PROGRAM COST	246,497	4,263,440	9,015,228	6,882,103	6,882 ======	6,882 ======	6,882 ======	6,882 ======

### PERFORMANCE MEASURES AND PROGRAM REVENUES

STATE OF HAWAII

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:
BED145
010503
HAWAII STRATEGIC DEVELOPMENT CORPORATION

	FY	FY	FY	FY	FY	FY	FY	FY
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS  1. INCR IN LEVERAGING PUBLIC INV W/PRIVATE CAPITAL  2. INCR IN NUMBER OF VENTURE CAP PARTNERSHIPS ESTAB  3. INCREASE IN NUMBER OF COMPANIES FUNDED  4. AMT NEW INV CAPITAL RAISD THRU STATE PRIV INV FUND	5000000 4 0	0 1 4 0	5000000 1 4 0	5000000 2 5 5000000	5000000 1 5 0	6000000 1 5 5000000	8000000 2 6 0	9000000 1 6 5000000
PROGRAM TARGET GROUPS  1. ENTREPRENEURIAL START-UP COMPANIES  2. POTENTIAL INVEST ORG, INCL HIGH NET WORTH INDIVIDS  3. SUPPORT ORGS INCLUDING LEGAL & ACCT FIRMS	30	33	37	41	45	50	55	60
	5	7	12	15	20	20	23	25
	1	2	3	3	2	3	3	3
PROGRAM ACTIVITIES  1. REINVEST INVEST DISTRIB IN NEW VENTURE PARTNERSHIP  2. ORGANIZE AND SPONSOR VENTURE CAPITAL CONF  3. ENTREPRENEURIAL TRAINING PROGRAMS	1000000	0	100000	150000	2000000	2500000	3000000	3500000
	2	3	3	3	4	4	4	4
	3	3	5	6	6	6	7	7

### A. Statement of Program Objectives

To create funding mechanisms for investment in emerging technology companies by developing networks to organize public and private sources of capital and grow infrastructure development support for venture capital.

### B. Description of Request and Compliance with Section 37-68(1)(A)(B)

Given current limited venture capital resource availability, the HSDC board has set as its near-term objectives preparing entrepreneurs to raise capital to grow their businesses. This will be accomplished by implementing entrepreneurial training workshops, mentoring, and venture capital conferences.

HSDC will work with public and private sector and university partners on these programs, thereby leveraging resources, and achieving maximum efficiency.

The Hydrogen Capital Fund will be deployed to support administrative requirements, matching of federal grants and equity investments where appropriate.

HSDC is requesting a appropriation ceiling to continue spending authorization for the Hawaii Renewable Hydrogen Program established in Section 196-B, by Act 240, SLH 2006.

# C. Description of Activities Performed

HSDC will identify and hire contractors to stage entrepreneurial workshops focusing on business plan preparation, technology commercialization, and taking products to market. A venture capital conference will also be held.

An RFQ soliciting respondents to the Hydrogen Fund deployment will be prepared and issued in conjunction with DBED.

# D. Statement of Key Policies Pursued

HSDC will continue to serve as a catalyst where needed to fill gaps in Hawaii's venture capital sector and support DBED's goals of Innovation Infrastructure development. It will support entrepreneurial development by providing programs and networking to assist companies to gain skills and support needed to grow their businesses.

In support of DBED's core initiative of developing Renewable Energy sources, HSDC will work with the Strategic Industries Division to roll out the Hydrogen Fund.

### E. Identification of Important Program Relationships

HSDC recognizes that its role is to serve as a node in a larger network of investment and entrepreneurial support organizations. It works with technology developers and investors from the private sector, but also works with non-profit organizations such as Enterprise Honolulu, Hawaii Venture Capital Association, the Hawaii Science and Technology Council, and state entities such as HTDC, NELHA, and the University of Hawaii.

In the area of hydrogen development and distribution HSDC will closely collaborate with DBED's Strategic Industries Division, the University of Hawaii Natural Energy Institute, HCATT, and the NELHA Gateway project.

# F. Description of Major External Trends Affecting the Program

Major external trends affecting the program are the markets in which investment portfolio companies operate. As an example, the increase in oil prices raises the value of renewable energy companies in which HSDC has investment. Further, the financial markets will determine if a given biotech firm or software developer will be successful in raising capital. Lastly the public stock market determines whether the successful

undertaking of IPO is probable or not. These factors all influence the ability to attract private capital to support Hawaii's economic diversification.

With respect to the Hydrogen Program, volatile and increasing world oil prices underscore the importance of developing indigenous renewable energy sources.

#### G. Discussion of Cost, Effectiveness, and Program Size Data

HSDC operates on a lean budget with a staff of two to oversee the \$16 million investment portfolio. By utilizing the services of fund managers to undertake due diligence, manage investments, and perform financial reporting functions, HSDC achieves maximum effectiveness and avoids incurring additional staff costs.

No significant changes in program operating costs have occurred, other than filling of the administrative assistant position established by the Legislature and covering of fringe benefit expenses through the revolving fund.

### H. Discussion of Program Revenues

Program revenues are based on investment returns. Liquidity events impacting portfolio companies typically take place in the form of initial public offerings (IPOs) of the company's stock or the company being acquired by another firm. These events are extremely difficult to predict with any accuracy, and therefore revenue projections are highly speculative. Further, once the IPO has taken place it is not possible to sell the

shares until after a six- or twelve-month waiting period has passed, further compounding the difficulty in estimating revenues.

In the past year, Hoku Scientific was listed on the NASDAQ and another portfolio company was listed on the London Stock Exchange.

### I. Summary of Analysis Performed

Following review of current resource levels, the board of HSDC has adopted a short term policy of focusing on programmatic activities as opposed to undertaking new investments. Limited funds will be used to support entrepreneurial training workshops and events such as venture capital conferences.

Studies published by the National Association of Seed and Venture Funds indicate that the most effective state venture capital investment programs utilize private sector fund managers to direct the investment of public funds. When resource levels warrant such renewed activities, the HSDC board will consider resuming such a policy.

### J. Further Consideration

Support of new entrepreneurial investment activity by HSDC will require additional investment capital. HSDC will work with the private sector to encourage legislative approval of new capital formation resources.

PROGRAM ID:

BED146

PROGRAM STRUCTURE NO. 010504

PROGRAM TITLE:

NATURAL ENERGY LAB OF HAWAII AUTHORITY

		IN DOLLA	PS			IN THOUS	ANDS	
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST PERSONAL SERVICES	* 1,639,994	* 1,915,871	* 2,105,106	2,105,107	* 2,105	* 2,105	* 2,105	* 2,105
OTHER CURRENT EXPENSES EQUIPMENT	5,508,907 8,472 20,390	10,229,331 29,550 24,000	10,842,328 29,550 24,000	10,849,178 29,550 24,000	10,849	10,849	10,849	10,849
MOTOR VEHICLE TOTAL OPERATING COST	7,177,763	12,198,752	13,000,984	13,007,835	12,954	12,954	12,954	12,954
BY MEANS OF FINANCING				.	*	*	*	*
GENERAL FUND	154,035	250,000 *	730,000	730,000	730	730	730	730 *
SPECIAL FUND	3,210,812	5,105,227	5,387,691	5,394,541	5,346	5,346	5,346 *	5,346 *
OTHER FED. FUNDS	3,812,916	6,843,525	6,883,293	6,883,294	6,878	6,878	6,878	6,878
CAPITAL IMPROVEMENT COSTS		401,000						
PLANS DESIGN CONSTRUCTION EQUIPMENT	750,000	1,403,000 4,050,000 288,000	3,500,000 1,750,000					
TOTAL CAPITAL EXPENDITURES	750,000	6,142,000	5,250,000		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	*****	*#######	***
BY MEANS OF FINANCING G.O. BONDS OTHER FED. FUNDS	750,000	2,142,000 4,000,000	5,250,000					
TOTAL POSITIONS TOTAL PROGRAM COST	* 7,927,763 =======	* 18,340,752	* 18,250,984	13,007,835	* 12,954 	* 12,954 ======	* 12,954 ======	* 12,954 =======

### PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:
BED146
010504
NATURAL ENERGY LAB OF HAWAII AUTHORITY

	FY	FY	FY	FY	FY	FY	FY	FY
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS	2003-00	2000-07	2007-00	2000-09	2009-10	2010-11	2011-12	2012-10
1. # OF NEW NELHA TENANTS (ACTUAL) 2. NEW TENANTS (ACRES)(ACTUAL) 3. AMOUNT OF TENANT SALES (\$M) 4. INCREASE IN REVENUES (\$K) 5. AMT OF TENANT CAPITAL INVSTMNT AT NELHA (\$M) 6. # AND VALUE (\$M) OF CEROS PROJECTS FUNDED 7. # & VALUE (\$M) OF CEROS PROJECTS COMPLETED 8. # OF CEROS OUTREACH & INTERFACE ACTIVITIES 9. #/VAL - NELHA PROJS FED, NON-ST SOURCE FUNDED \$M	3 .14 52.1 404 20 8/3.0 16/6.9 17	5 15.4 62.0 607 15 15/5.8 15/6.0 17 1/100	5 20 68.2 1074 6 15/5.8 13/5.0 17 1/4000	3 20 75.0 1573 6 15/5.8 13/5.0 17 0	3 20 82.5 1446 6 15/5.8 13/5.0 17 0	3 20 90.8 1017 6 15/5.8 13/5.0 17	3 30 99.9 899 6 15/5.8 13/5.0	3 30 109.9 20 6 15/5.8 13/5.0 17
PROGRAM TARGET GROUPS  1. #BUSINESS/INT'L ORGS W/OCEAN RES INTERESTS  2. #BUSINESS/INT'L ORGS W/SUSTAIN ENERGY INTSTS  3. #TENANTS W/BIOTECHNOLOGY INTERESTS  4. #COLLABORATIONS W/UNIVERSITIES AND COLLEGES  5. #COLLABORATIONS W/NATIONAL LABORATORIES  6. #ORGS COMMERCIALIZING OCEAN TECHNOLOGIES  7. #ORGS IN OCEAN TECH DEV & DOD COMMANDS	55	55	50	50	50	50	50	50
	34	45	40	40	40	35	35	35
	6	7	7	8	9	10	11	12
	1	4	4	5	6	8	10	12
	1	3	2	3	3	3	3	3
	79	85	85	85	85	85	85	85
	600	600	600	600	600	600	600	600
PROGRAM ACTIVITIES  1. # OF NELHA TENANTS (ACTUAL)  2. CURRENT NELHA TENANT EXPANSION (ACRES)  3. % OF LAND USE AT NELHA & HOST PARK  4. CUM AMOUNT OF STATE, TENANT, & FED CAP IMPV (\$M)  5. # OF NELHA OUTREACH ACTIVITY PARTICIPANTS  6. % CEROS BUDGET USED FOR TECHNOLOGY PROJECTS  7. # OF CEROS OUTREACH & INTERFACE PARTICIPANTS	37	42	42	. 44	45	48	49	50
	7	5	3	3	3	5	5	5
	29.68	31.81	33	42	42	42	42	42
	85	102	109	116	123	130	137	144
	2539	2792	3072	3379	3717	4088	4497	4946
	82.9	91	91	91	91	91	91	91
	387	400	400	400	400	400	400	400
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUES FROM THE USE OF MONEY AND PROPERTY REVENUE FROM OTHER AGENCIES: FEDERAL CHARGES FOR CURRENT SERVICES TOTAL PROGRAM REVENUES	1,147	1,169	1,272	1,464	2,050	2,093	2,125	2,125
	7,984	7,306	6,789	6,600	6,600	6,600	6,600	6,600
	2,236	4,636	4,865	5,873	5,944	6,033	6,033	6,033
	11,367	13,111	12,926	13,937	14,594	14,726	14,758	14,758
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) SPECIAL FUNDS TOTAL PROGRAM REVENUES	11,367	13,111	12,926	13,937	14,594	14,726	14,758	14,758
	11,367	13,111	12,926	13,937	14,594	14,726	14,758	14,758

Statement of Program Objectives A.

To promote sustainable business development and reasonable utilization of available natural resources such as cold deep seawater, warm surface seawater and high solar insolation.

Description of Request and Compliance with Section 37-68(1) (A) (B) The Fiscal Biennium 2007-2009 Budget includes the following requests:

1) Increase special fund appropriation ceiling to accommodate adding funding for and one new position for revenue generation from energy sector tenants.

2) Increase special fund appropriation ceiling to cover anticipated increase in energy/electrical cost for pumping of seawater, electrifying building,

streetlights, etc.

3) Increase special fund appropriation ceiling to upgrade office and maintenance equipment. Upgrades to NELHA's office equipment include expanding the seating capacity at the Gateway Energy Center, replace antiquated dictation equipment and purchasing laboratory equipment so NELHA can move forward with its seawater certification program. Maintenance equipment replaces a military surplus 4X4 truck, seawater pumps and impellers, replacing the administration building front door, a portable air compressor and portable gas welder.

4.) General fund appropriation of \$730,000 for each year of the fiscal biennium, for a water subsidy for aquaculture farmers. This will aid in the continued

development of aquaculture in Hawaii.

The Fiscal Biennium 2008-09 CIP budget includes the following requests:

1) BED 146EL - Construct additional infrastructure and distribution pipelines to existing 55" seawater system to forecasted tenant seawater demand, and to interface to OTEC power plant - \$5,250,000 in G.O. bond funds for FY08 for design and construction.

# Description of Activities Performed

1) Market, manage and operate facilities.

2) Operate and maintain unique transmission and distribution systems for large volumes (approximately two tons per second) of deep and surface seawater.

3) Operate a water quality laboratory for an environmental monitoring program that samples groundwater, near shore water and offshore water; required activities to maintain the Special Management Permit under which all tenants are able to operate at NELHA. Laboratory also oversees the Seawater Certification Program for Use of the NELHA service mark.

4) Provide informational and educational material and lectures to school classes (K-12 and university level), professional associations, community groups, international visitors, legislators, and the general public.

5) Coordinate administration and budgets with the National Defense Center of

Excellence for Research in Ocean Sciences (CEROS).

6) Identify, develop and implement revenue enhancement opportunities, which support NELHA's objectives and its efforts to attain financial self-sufficiency and sustainability.

Statement of Key Policies Pursued D.

1) HRS 226-4(1): "to achieve a strong viable economy, characterized by stability, diversity, and growth" is reflected by marketing the NELHA sites and its unique natural resources to bring in a diversity of research projects and commercial businesses that utilize the facility and create new jobs.

HRS 226-13: physical environment-land, air and water quality policy is enforced at NELHA by maintaining class AA offshore waters through a water quality monitoring program and supporting other such programs in the State.

3) HRS 226-18(c)(1): "Support research and development as well as promote the

use of renewable energy sources" is implemented by:

a) Facilitating research and development of renewable energy sources such as OTEC, photovoltaic, wind turbine, geothermal, hydrogen and other sources.

b) Using deep seawater (DSW), solar heat, and other alternative energy sources to operate NELHA facilities whenever feasible, including the use of cold deep seawater for air-conditioning and irrigation.

Offering presentations and information about renewable energy to the general public, educational entities, other individuals and businesses.

4) HRS 226-103: State economic priority guidelines are carried out by:

a) Providing land and support to research and commercial activities, which will strengthen a diversified economy.

Encouraging those businesses, which provide jobs at all levels for the local residents and have minimal impact on Hawaii's environment.

Identification of Important Program Relationships E.

1) The private sector has been responsible for all the development of alternate

and renewable energy sources. NELHA has developed strong relationships with the public and such private sector interests to maximize resources and partner with them to result in higher achievements.

2) NELHA has developed strong ties with the U.S. Department of Energy, national laboratories and the U.S. Department of Interior (USDI).

3) NELHA serves as the home for CEROS.

- 4) NELHA maintains communications with the U.S. Homeland Security and related agencies to participate in Energy Security efforts.
- 5) NELHA has developed strong national ties as efforts continue to develop the NELHA Gateway Ocean Resources and Commercial Activities Center.
- 6) NELHA's ties with research and development based tenants and commercially viable tenants have furthered the commercial development of aquaculture.
- F. <u>Description of Major External Trends Affecting the Program</u>
  The introduction of desalinated drinking water and multiple DSW-derived cosmetic products has led to tremendous worldwide interest focusing on DSW and NELHA.

NELHA has developed into a world-class site for the production of algae and other marine aquaculture products and is involved in the international quest for sources of clean, renewable energy.

The Department of Defense, U.S. Department of Energy, U.S. Department of Agriculture (USDA), Rural Development, and private sector interests have supported new projects and construction.

G. <u>Discussion of Cost, Effectiveness, and Program Size Data</u>
The legislative mandate for NELHA to become self-sufficient in FY07 has decreased available special funds for emergencies. However, the water bottling tenants show continued promise of increased revenues. If the tenant projections of gross revenues come to fruition, NELHA will be able to continue its mandated self-sufficiency goal. In the interim, as NELHA continues to support tenants and

commit to attracting new enterprises, NELHA must control its spending.

H. <u>Discussion of Program Revenues</u> Increased revenues in FY08 and FY09 may result from more tenants locating on NELHA properties and royalties paid by the water bottling companies. Additional sources of revenue are anticipated from partners and new tenants of the NELHA Gateway Distributed Energy Resource (DER) Center and NELHA Gateway Ocean Resources & Commercial Activities Center developments.

\$3.35M in revenues are projected for FY07 with increases anticipated in FY 08 and FY 09. Most of this revenue is from pass-through reimbursable expenses such as seawater pumping cost, freshwater use and electrical cost incurred by tenants. Other increases are anticipated from royalties, percentage rent and base rent from the water bottling companies and new tenants.

I. Summary of Analysis Performed
NELHA is updating a master plan for the HOST Park area of NELHA to guide the
desired growth of NELHA and accommodating the request of several major
businesses, which have either leased or requested land in this area. Development
of NELHA's highway frontage lands is essential to achieving a first—class facility
that will continue to diversify and contribute significantly to Hawaii's economy.

Further Consideration
NELHA is working with Hawaii's Congressional delegation to secure federal funds through the U.S. Department of Transportation, Highways Division to construct a connector road between NELHA and Kona International Airport. The Plan and Design phase has been funded and is proceeding. Completion of this roadway will open additional lands and revenue enhancement opportunities for NELHA and the State of Hawaii as well as ease traffic concerns on the Queen Kaahumanu Highway.

J.

PROGRAM ID:

BED150

PROGRAM STRUCTURE NO. 010701

PROGRAM TITLE:

# HAWAII COMMUNITY DEVELOPMENT AUTHORITY

		IN DOLLAI	RS			IN THOUS	ANDS	
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST	2.00*	2.00*	2.00*	2.00*	2.0*	2.0*	2.0*	2.0*
PERSONAL SERVICES	133,364	171,025	304,203	304.249	304	304	304	304
OTHER CURRENT EXPENSES	1,479,698	2,268,195	706,461	706,461	707	707	707	707
TOTAL OPERATING COST	1,613,062	2,439,220	1,010,664	1,010,710	1,011	1,011	1,011	1,011
BY MEANS OF FINANCING	2 00**	3.00**	2 004	2.00*	2.0*	2.0*	2.0*	2.0*
GENERAL FINIS	2.00*	2.00*	2.00*		311	311	311	311
GENERAL FUND	89,623	120,193	310,664	310,710	311	311	311	311
SPECIAL FUND	1,469,793	2,257,624	*	*	*	*	*	*
REVOLVING FUND	53,646	61,403	700.000	700.000	700	700	700 <sup>°</sup>	700 <sup>*</sup>
KEYOLYING FUND	53,646	61,403	700,000	700,000	700	700	700	700
CAPITAL IMPROVEMENT COSTS				į				
PLANS	1,602,000	1,670,000	1,827,000	1,747,000				
LAND ACQUISITION	1,000	750,000	, ,					
DESIGN	3,299,000	1,501,000	501,000	100,000				
CONSTRUCTION	16,811,000	18,001,000	6,349,000	860,000	1,500			
EQUIPMENT			500,000	40,000				
TOTAL CAPITAL EXPENDITURES	21,713,000	21,922,000	9,177,000	2,747,000	1,500		26 M III II III III II II II II	
BY MEANS OF FINANCING				!				
G.O. BONDS	19,713,000	3,922,000	4,647,000	1,747,000				
G.O. BONDS REPAID		-,,	4,530,000	1,000,000	1,500			
REVENUE BONDS	2,000,000	18,000,000			,-			
TOTAL POSITIONS	2.00*	2.00*	2.00*	2.00*	2.00*	2.00*	2.00*	2.00*
TOTAL PROGRAM COST	23,326,062	24,361,220	10,187,664	3,757,710	2,511	1,011	1,011	1,011

### PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:
BED150
010701
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
MEASURES OF EFFECTIVENESS								
<ol> <li>NEW PRIV DEV IN KAKAAKO COM DEV DIST (\$M)</li> <li>NEW BLDG FLOOR SPACE IN KAKAAKO (1000 SF)</li> <li># OF NEW HOUSING UNITS IN KAKAAKO</li> <li># OF NEW PUBLIC FACILITIES IN KAKAAKO</li> <li># ACTIVELY-USED PARCELS IN KALAELOA CDD</li> <li>NEW PRIVATE DEVELOPMENT WITHIN KALAELOA (\$M)</li> </ol>	244.1 1529 618 1 0 7.5	175 1248 947 0 0	134 520 399 0 57 15	162 1077 492 1 63 20	200 341 492 1 69 20	200 250 492 3 69 20	100 250 492 3 69 20	100 250 492 3 69 20
PROGRAM TARGET GROUPS  1. # OF RESIDENTS IN KAKAAKO  2. # OF EMPLOYEES IN KAKAAKO  3. # OF BUSINESSES IN KAKAAKO  4. # OF LANDUSERS WITHIN KALAELOA  5. # RESIDENTS WITHIN KALAELOA & SURROUNDING AREAS	8750 27227 1635 0 250	10080 27423 1651 0 250	11660 25757 1658 35 1050	13070 27112 1697 35 1150	13920 27862 1698 35 1150	13920 28882 1768 35 1150	13920 29382 1798 35 1150	13920 29382 1798 35 1150
PROGRAM ACTIVITIES  1. DEVELOPMENT PERMITS ISSUED IN KAKAAKO 2. # INFRASTRUCTURE IMPROV PROJS BEGUN IN KAKAAKO 3. NEW PUBLIC IMPROVEMENTS IN KAKAAKO (\$M) 4. # PARCELS IN KALAELOA COVERED BY ECON DEV PLAN 5. NEW PLANNING IN KALAELOA (\$M) 6. # PARCELS, INFRASTRUCTURE SYS CONVEYED IN KALAELOA 7. # PROJS FACILITATED & COMPLETED IN KALAELOA	141 0 11.7 121 1 0	160 1 12.9 121 2 4	160 1 28.4 121 2 42 5	160 0 80.9 121 2 61 5	160 0 136 121 2 67 5	160 0 45 121 2 67 5	160 0 45 121 2 67 5	160 0 45 121 2 67
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUES FROM THE USE OF MONEY AND PROPERTY REVENUE FROM OTHER AGENCIES: ALL OTHER CHARGES FOR CURRENT SERVICES NON-REVENUE RECEIPTS TOTAL PROGRAM REVENUES	3,051 100 2,894 290 6,335	3,428 150 1,183 4,761	1,642 150 756 2,548	1,483 150 757 20,000 22,390	1,467 150 503 20,000 22,120	1,467 150 503 2,120	1,467 69 365 1,901	1,468 69 71 1,608
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) SPECIAL FUNDS ALL OTHER FUNDS TOTAL PROGRAM REVENUES	1,075 5,260 6,335	533 4,228 4,761	393 2,155 2,548	393 21,997 <b>22,390</b>	139 21,981 22,120	139 1,981 2,120	1,901 1,901	1,608 1,608

# A. Statement of Program Objectives

To revitalize urban areas in the State which are in need of timely redevelopment through the creation of mixed-use districts for residential, commercial and light industrial development that help to address the economic and social needs of the people of the State of Hawaii by encouraging the desired private investment through: 1) the planning and implementation of infrastructure improvements; 2) the development of public facilities; and 3) the establishment of planning guidelines and parameters that encourage mixed-use development.

B. <u>Description of Request and Compliance with section 37-68 (1) (A) (B)</u>
The Fiscal Biennium 2008-09 operating budget includes the following requests:

- 1. BED 150KA Decrease of \$2,500,000 to \$0 in debt service fund expenditure as all debts have been paid off.
- 2. BED 150KA Increase of the expenditure ceiling for the revolving fund used for the payment of administrative costs associated with Kakaako Community Development District by \$50,000 annually to a total ceiling of \$500,000.
- 3. BED-150KL Increase of the expenditure ceiling for the revolving fund used for the payment of administrative costs associated with Kalaeloa Community Development District by \$116,140 annually to a total ceiling of \$200,000.

The Fiscal Biennium 2008-09 CIP budget includes the following requests:

- 1. BED 150KA Kakaako Drainage Improvement, Makai Area, Oahu \$1,800,000 in G.O. bond funds for FY08 for design and construction repairs of open channel and box drain culvert adjacent to Kakaako Waterfront Park.
- BED 150KA Kewalo Basin Improvements, Oahu \$4,530,000 and \$1,000,000 in General Obligation Reimbursable bond funds for FY08 and FY09, respectively, for plans, design and construction for Kewalo Basin for replacement of Piers B, C and Herringbone
- 3. BED 150KA Kakaako Community Development District, Oahu \$1,746,000 in each year of FB 07-09 for costs related to wages and fringe benefits for project funded staff positions that implement capital improvement projects.

4. BED 150KL - Kalaeloa Safety Improvements, Oahu - \$1,100,000 in G.O. bond funds for FY08 for plans, design, equipment and construction for Kalaeloa safety improvements.

# C. <u>Description of Activities Performed</u>

For legislatively designated Community Development Districts, HCDA is mandated to develop community development plans which include, but are not limited to, community development guidance policies, district-wide infrastructure improvement programs and community development rules. HCDA must implement a Community Development District Plan after the Governor approves it and funding is provided by the Legislature. Major activities during the plan implementation stage include: (a) planning and regulatory functions in the administration of the plan and rules; (b) infrastructure systems improvements under the district-wide improvement program; (c) development and maintenance of public facilities (parks, parking garages, etc.); and (d) development and maintenance of State lands.

Currently, HCDA is in the plan implementation stage of the 600+ acre Kakaako Community Development District, and in the planning stage of the 3,698-acre Kalaeloa Community Development District.

# D. Summary of Key Policies Pursued

HCDA's objectives and activities are guided by policies stated in: (1) Chapter 206E, HRS, which establishes HCDA and provides it with its objectives and mandates; and (2) Chapter 206E, HRS, which states the objectives, powers, and responsibilities of HCDA, establishes the Kakaako and Kalaeloa Community Development Districts, respectively, and sets specific development guidelines for each District.

Direction for HCDA's activities is also provided by Chapter 226, HRS, particularly Section 226-52(a)(2), which requires that State programs conform to the priority guidelines of the Hawaii State Plan.

### E. Identification of Important Program Relationships

HCDA has important program relationships with State and County agencies that are involved in activities relating to infrastructure systems improvements, and redevelopment of Kalaeloa as well as the Honolulu waterfront area. In addition, important relationships exist with the U.S. Navy with regard to the redevelopment of Kalaeloa. HCDA coordinates with the appropriate Federal, State or County agency when a program relationship exists.

Because of the comprehensive nature of HCDA's economic and recreational development objectives, its activities support each of DBEDT's strategic objectives:

1) development of the urban core and of workforce housing;

2) workforce development;

3) energy for tomorrow;

4) export of goods and services;

5) creation of an "innovation infrastructure"; and 6) improve Hawaii's small business environment.

### F. Major External Trends Affecting the Program

The major external trend affecting the program is the condition of the economy in general, and that of the real estate industry in particular. An integral part of HCDA's implementation of its development programs is the participation of the private sector, which is greatly influenced by macro-economic conditions. Another major impact is the market demand for industrial, commercial and residential floor space on Oahu generally, and in Kakaako and Kalaeloa specifically.

### G. Discussion of Cost, Effectiveness and Program Size Data

With new construction volume resulting from infrastructure improvements, public facilities development projects, and continuation of private sector development projects, the related tax revenues to the State of Hawaii should exceed program costs in the long run. The increase in land values due to infrastructure improvements and new developments benefits the City and County of Honolulu through increased property taxes. In terms of State and Functional Plan objectives, the returns are in the functional areas of optimal land use, increased construction and economic activity, new housing units, new public facilities, and improved business and residential community areas.

Previous CIP appropriations and future requests are based on the construction of infrastructure systems improvements in segments, the construction of public facilities

and the development, planning and construction of infrastructure improvements systematically. The objective is to continuously maintain construction activity to complete the necessary district-wide improvements in a timely manner.

### H. Discussion of Program Revenues

Direct program revenues, whose use is restricted by statute and case law, include: (a) fees in lieu of public facilities dedication fees and reserved housing fees received from private developers; (b) improvement district property assessments received from property owners who benefit from infrastructure systems improvements made; (c) lease rents collected on HCDA-managed lands/facilities; and (d) permit and other fees charged to offset some of the administrative processing costs. Non-cash receipts include land dedicated by private developers for public facilities. Other potential revenue sources would be County programs, particularly through a yet-to-be-established tax increment financing program, and Federal programs.

- I. <u>Summary of Analysis Performed</u>
   Not applicable.
- J. <u>Further Considerations</u> None.

PROGRAM ID:

BED151

PROGRAM STRUCTURE NO. 010702

PROGRAM TITLE:

ALOHA TOWER DEVELOPMENT CORPORATION

		IN DOLL	.ARS			IN THOUS	SANDS	
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST	1.00*	1.00*	*	*	*	*	*	*
PERSONAL SERVICES	189,858	239,036	588,258	588,258	588	588	588	588
OTHER CURRENT EXPENSES EQUIPMENT	377,645 2,111	573,577 2,704	942,296	942,296	942	942	942	942
TOTAL OPERATING COST	569,614	815,317	1,530,554	1,530,554	1,530	1,530	1,530	1,530
BY MEANS OF FINANCING				!				
SPECIAL FUND	1.00* 569,614	1.00* 815,317	1,530,554	1,530,554	1,530	1,530	* 1,530	1,530
CAPITAL IMPROVEMENT COSTS PLANS LAND ACQUISITION DESIGN	2,000 1,000 1,295,000	1,332,000						
CONSTRUCTION	1,275,000	2,621,000		1 1 1				
TOTAL CAPITAL EXPENDITURES	1,298,000	3,953,000						
BY MEANS OF FINANCING G.O. BONDS	1,298,000	3,953,000						
TOTAL POSITIONS	1.00*	1.00*	*	*	*	*	*	*
TOTAL PROGRAM COST	1,867,614	4,768,317	1,530,554	1,530,554	1,530	1,530	1,530	1,530

### PERFORMANCE MEASURES AND PROGRAM REVENUES

STATE OF HAWAII

PROGRAM ID: BED151
PROGRAM STRUCTURE: 010702
PROGRAM TITLE: ALOHA TOWER DEVELOPMENT CORPORATION

	FY	FY	FY	FY	FY	FY	FY	FY
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS  1. DEVELOPMENT PROJECTS GENERATED  2. NUMBER OF JOBS CREATED  3. TOTAL CONSTRUCTN VALUE OF DEV PROJS UNDER NEGOTN  4. ESTIMATED TAX REVENUE INCREASE FROM DEVELOPMENT	5 100 305M 0	5 100 305M 0	5 100 305M 35.7M	5 100 0	5 100 300M 35.1M	5 100 0 0	5 100 0 0	5 100 0
PROGRAM TARGET GROUPS  1. LOCAL AND INTERNATIONAL REAL ESTATE DEVELOPERS  2. EXISTING AND POTENTIAL TENANTS/USERS/DEVELOPERS	2	2	2	2	2	2	2	2
	74	80	500	500	500	500	500	500
PROGRAM ACTIVITIES  1. # PROJECTS UNDER DEVELOPMENT OR UNDER AGREEMENT 2. # DIRECT NEGOTIATIONS ENTERED INTO 3. # OF INITIATIVES GENERATED 4. # OF PROJECTS UNDER CONSTRUCTION	5	5	5	5	5	5	5	5
	5	5	5	5	5	5	5	5
	7	7	7	7	7	7	7	7
	2	2	2	2	2	2	2	2
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUES FROM THE USE OF MONEY AND PROPERTY TOTAL PROGRAM REVENUES	962	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	962	1,000	1,000	1,000	1,000	1,000	1,000	1,000
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) SPECIAL FUNDS TOTAL PROGRAM REVENUES	962	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	962	1,000	1,000	1,000	1,000	1,000	1,000	1,000

### A. Statement of Program Objectives

To enhance and strengthen Hawaii's economy by facilitating and providing redevelopment opportunities in the Aloha Tower Complex for private capital investments as well as through the formation of public-private partnerships, and to encourage redevelopment to take place in an orderly and incremental fashion to create a "people place."

B. <u>Description of Request and Compliance with Act 263, SLH 1994</u>.
 Not applicable.

#### C. Description of Activities Performed

Aloha Tower Project Area

- In April 2005, the Aloha Tower Marketplace emerged from a three-year bankruptcy with the sale of its assets to AHI Aloha Associates. AHI assumed the ground leases and made payment to creditors. The ATDC pre-petition debts and attorney fees were completely satisfied.
- The Aloha Tower Marketplace showed improvement attaining near 100% occupancy in FY06 and tenant revenues up approximately 9.9% over revenues generated in 2004. Tenant revenues for FY07 as of November 2006 continued to climb, performing 9.5% above 2005 levels.
- The ATDC and DOT-H executed a Memorandum of Understanding to resolve ground lease rent payments for the Aloha Tower Marketplace.
- The ATDC approved development rights to UC URBAN in July 2006 for the development of a commercial mix use condo-hotel project at Piers 5 & 6 in the Aloha Tower Complex, subject to successful negotiation of a Development Agreement and Ground Lease. The documents are being negotiated and expected to be completed in the first quarter of 2007. ATDC retained Special Legal Counsel and a real estate appraiser/real estate consultant to assist in negotiating the project documents.
- The ATDC worked with New World Divers to construct a world-class diving facility off the water's edge at Piers 5 and 6. Pre-development requirements were

- completed in 2006 and the Developer is currently working on finalizing financing commitments. Commencement of construction is targeted for May 2007.
- The ATDC retained a planning consultant to begin a comprehensive review of the ATDC Development Plan and the Hawaii Administrative Rules. Planning charettes are to begin in the first quarter of 2007.

#### Hawaii Harbors Task Force

- In coordination with the DOT-Airports Division, a dilapidated warehouse in the
  Kapalama Military Reservation (Building 923) was demolished and one (1) acre of
  adjacent land was acquired from the Department of Land and Natural Resources
  (DLNR) to provide an expansion area of approximately 4 acres for cargo container
  yard operations. The area is now being utilized for cargo and new vehicle storage.
- An area of approximately 30 acres of land adjacent to the major cargo terminals on Sand Island was approved for acquisition by the DLNR for cargo container yard expansion. Governor Lingle signed the Executive Order vesting use rights to DOT-H in August 2006.
- An 8-year lease was negotiated and executed with Matson for a 9.6 acre portion of the Sand Island Expansion Area. Matson will be constructing site improvements in the first quarter of 2007.
- At Piers 1 and 2, Honolulu Harbor, \$2.7 million in design and construction funds were released for the demolition of the CFS#2 warehouse shed, and new lighting to provide a cargo yard expansion area of approximately 5.7 acres. Bids were opened in October 2006 and construction is expected to commence in January 2007.
- Relocation of "less than container load" (LCL) cargo processing at CFS#2 was
  necessary to expand the foreign cargo yard at Piers 1 and 2. A warehouse at
  Kapalama Military Reservation was cleared of month-to-month permittees and
  leased to Island Movers, Inc. who assumed the LCL cargo processing for NYK
  Lines. A 5-year lease to Island Movers for its core facility at Kapalama Military
  Reservation was also negotiated and executed to ensure facilities for LCL cargo
  processing.
- Facilitation of the arbitration proceedings for the re-opening of lease rent for Hawaii Stevedores, Inc. at Pier 35 was successfully completed.

- Property descriptions were drafted for the land parcels at Piers 1 and 2 that were included in Act 165, Session Laws of Hawaii 2006, for the return of these lands to DOT-Harbors and the Foreign Trade Zone No. 9 from the Kakaako Community Development District.
- Secured tenant reservations for all parcels at the Fishing Village, Pier 38.
- Initiated the development planning for the new Kapalama Container Terminal (redevelopment of the former Kapalama Military Reservation). A total of \$1 million in planning funds was appropriated by the Legislature and released by the Governor to establish a development plan for the new cargo container terminal consisting of approximately 70 acres. Three major contracts were procured and executed. The work completed to date include:
- JWD Group has completed development options and the financial assessment.
- Belt Collins, Hawaii, Ltd. has completed a facilities assessment of the UH Marine Center facilities at the KMR harbor front and will be working on the relocation facility in 2007.
- Fung Associates will complete the historical architectural survey of KMR for acceptance by the State Historic Preservation Division by the first quarter of 2007.
- Planning, design and construction were initiated in September 2006 to demolish a
  warehouse shed at Pier 40 and provide for expansion area on the former Daishowa
  property to permit Young Brothers to expand its Honolulu inter-island barge
  operations.

# D. Summary of Key Policies Pursued

ATDC has the statutory mandate of redeveloping, renovating, and/or improving the Aloha Tower Complex to: (1) strengthen the international base of the community in trade activities; (2) enhance the beautification of the waterfront; (3) improve modern maritime uses in concert with the Department of Transportation (DOT); and (4) provide for public access and use of waterfront property.

#### E. Identification of Important Program Relationships

ATDC is working in partnership with DOT-Harbors for development of Honolulu Harbor. Other key program relationships include DBEDT, DLNR and

community/business groups such as the Hawaii Harbors Users Group. The ATDC coordinates with all governmental entities on the federal, state and local levels.

#### F. Major External Trends Affecting the Program

There are many externalities that directly and indirectly affect program activities. Foremost, are national and international fiscal policies and economic conditions; secondarily is Hawaii's competitiveness in the global economy. State fiscal policies ultimately determine allocation of resources to priority programs.

G. <u>Discussion of Cost</u>, <u>Effectiveness and Program Size Data</u> None.

# H. Discussion of Program Revenues

Revenues generated by this program are fees paid by the developer of the Aloha Tower complex and deposited into the Aloha Tower Special Fund.

# I. <u>Summary of Analysis Performed</u> None.

#### J. Further Considerations

None.

PROGRAM ID:

BED160

PROGRAM STRUCTURE NO. 0108

PROGRAM TITLE:

HAWAII HOUSING FINANCE AND DEVELOPMENT C

		TN DOLL	ARS	!-		IN THOUS	ANDS	
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST PERSONAL SERVICES OTHER CURRENT EXPENSES	·*	*	34.00* 4,898,877 51,182,875	34.00* 4,908,562 51,182,875	34.0* 4,908 51,183	34.0* 4,908 51,183	34.0* 4,908 51,183	34.0* 4,908 51,183
TOTAL OPERATING COST			56,081,752	56,091,437	56,091	56,091	56,091	56,091
BY MEANS OF FINANCING	*	*	3.00*	3.00*	3.0*	3.0*	3.0*	3.0*
GENERAL FUND OTHER FED. FUNDS	*		25,252,851 3,000,000	25,261,401 3,000,000	25,261 3,000	25,261 3,000	25,261 3,000	25,261 3,000
TRUST FUNDS	*	*	22,000,000 31.00*	22,000,000 31.00*	22,000 31.0*	* 22,000 31.0*	* 22,000 31.0*	22,000 31.0*
REVOLVING FUND	•	•	5,828,901	5,830,036	5,830	5,830	5,830	5,830
CAPITAL IMPROVEMENT COSTS DESIGN CONSTRUCTION			500,000 2,000,000					
TOTAL CAPITAL EXPENDITURES			2,500,000					
BY MEANS OF FINANCING G.O. BONDS			2,500,000					
TOTAL POSITIONS TOTAL PROGRAM COST	*	*	34.00* 58,581,752	34.00* 56,091,437	34.00* 56,091	34.00* 56,091	34.00* 56,091	34.00* 56,091

### PERFORMANCE MEASURES AND PROGRAM REVENUES

# STATE OF HAWAII

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:

BED160
0108
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

	FY	FY	FY	FY	FY	FY	FY	FY
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS  1. # OF HOMEBUYERS ASSISTED  2. # OF NEW RENTAL UNITS  3. # OF EXISTING AFFORD RENTAL HOUSING UNITS PRESERV  4. # OF LEASE RENTS RENEGOTIATED  5. # OF SINGLE FAM LEASHLD LOTS CONVERT TO FEE SIMPLE		80 352 70 1	280 296 154 0	140 293 50 0	350 567 50 0	560 575 50 0	530 1050 50 0	545 810 50 0
PROGRAM TARGET GROUPS  1. HSEHLDS EARN UP 140% OF MED INC EST BY USDHUD  2. EMPLOYEES OF TARGETED IND IDENTIFIED BY DBEDT		502 0	730 0	483 50	967 150	1185 200	1630 250	1400 225
PROGRAM ACTIVITIES  1. ORIGINATE LOANS/GRANTS FOR ACQ/REHAB OR DEV OF HSE  2. ALLOCATE TAX CRDT FOR ACQ/REHAB OR DEV OF HOUSING  3. ISSUE TAX-EXEMPT REVENUE BONDS (\$M)  4. UTILIZE CH 201H TO FAC ST & CNTY LAND APP FOR HSNG  5. ACQUIRE/DISPOSE OF REAL PROPERTY  6. ASSIST FIRST-TIME HOMEBUYERS  7. PROCESS APP FOR ARBITRATION OF LEASE RENT RENEGO  8. PROCESS APPLICATIONS FOR LEASEHOLD CONVERSION		254 352 50 0 1 80 1	132 290 75 850 2 280 0	200 224 80 1200 2 140 0	200 287 75 900 1 350 0	200 250 75 900 1 560 0	200 250 75 1050 2 530 0	200 250 75 975 1 545 0
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) TAXES REVENUES FROM THE USE OF MONEY AND PROPERTY REVENUE FROM OTHER AGENCIES: FEDERAL CHARGES FOR CURRENT SERVICES NON-REVENUE RECEIPTS TOTAL PROGRAM REVENUES	17,460	22,000	22,000	22,000	22,000	22,000	22,000	22,000
	39,034	39,034	39,034	39,033	39,033	39,033	39,033	39,033
	110	110	110	110	110	110	110	110
	19,782	2,199	2,199	2,148	2,148	2,148	2,148	2,148
	50,802	49,632	49,632	49,632	49,632	49,632	49,632	49,632
	127,188	112,975	112,975	112,923	112,923	112,923	112,923	112,923
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) GENERAL FUNDS SPECIAL FUNDS ALL OTHER FUNDS TOTAL PROGRAM REVENUES	3	3	3	3	3	3	3	3
	84,772	83,607	83,607	83,607	83,607	83,607	83,607	83,607
	42,413	29,365	29,365	29,313	29,313	29,313	29,313	29,313
	127,188	112,975	112,975	112,923	112,923	112,923	112,923	112,923

# A. Statement of Program Objectives

To support economic growth by increasing the supply of workforce and affordable housing and preserving the existing inventory of affordable housing.

# B. Description of Request and Compliance with section 37-68(1)(A)(B)

The Fiscal Biennium 2008-09 operating budget includes the following requests:

- BED 160HA -- Add 6 new positions authorized in Act 180, Session Laws of Hawaii 2006.
- 2. BED 160HA, BED 160HD, and BED 160HF -- Transfer into BED 160 from BED 223, 225, 227, 229 and 231 to reflect collapsing of Program I.Ds.
- 3. BED 160HF -- Rental Housing Trust Fund infusion of \$25,000,000.

The Fiscal Biennium 2008-09 CIP budget includes the following request: BED 160HD - Waiahole Valley Potable Water System Replacement, Oahu -- \$2,500,000 in G.O. bond funds for FY 08 for construction of a replacement water system in Waiahole Valley.

# C. Description of Activities Performed

The Hawaii Housing Finance and Development Corporation (HHFDC) is mandated to facilitate the development of affordable for-sale and rental housing under the policies, direction, and oversight of a nine-member Board of Directors. The HHFDC works with private and public partners to increase the supply of permanent, affordable housing, as well as preserve the existing inventory of rental housing using its financing and development tools.

# D. Summary of Key Policies Pursued

The HHFDC is a functional plan preparing agency for the Housing Functional Plan. The HHFDC's activities directly support the Hawaii State Plan's Objectives and Policies for Socio-Cultural Advancement – Housing (section 226-19, HRS) and Priority Guidelines for Affordable Housing (section 226-106, HRS).

The HHFDC's specific objectives and activities are guided by Chapter 201H, HRS, which established the HHFDC.

# E. Identification of Important Program Relationships

The HHFDC has important program relationships with State, County, and Federal agencies involving in affordable housing financing and development, including the Hawaii Public Housing Authority, the Department of Land and Natural Resources, the Department of Hawaiian Home Lands, the County housing agencies and Planning Departments, the U.S. Department of Housing and Urban Development, and the U.S. Department of Agriculture -- Rural Development. The HHFDC and these agencies work together to coordinate activities and resources to promote affordable housing statewide.

# F. Description of Major External Trends Affecting the Program

The HHFDC is affected by the state of the real estate market and the construction industry, as well as the condition of the economy in general. The demand for affordable housing, as well as the capacity to increase supply statewide, is dependent on these external factors. Also, as the Economic Momentum Commission has indicated, the significant need for affordable housing impacts State economic growth.

### G. Discussion of Cost, Effectiveness and Program Size Data

Because the HHFDC is a new agency established on July 1, 2006, this section is not applicable.

#### H. Discussion of Program Revenues

Revenues generated from the Housing Development program activities include application fees, interim interest on Dwelling Unit Revolving Fund construction loans, administrative fees and fees related to the disposition of affordable units developed under the program. Revenues are collected from the sale of the leased fee interest, deferred sales prices, the Shared Appreciation Equity Program, and

administrative fees from various programs.

The Hula Mae Single Family Program and the Hawaii Rental Housing System Revenue Bond Program produce revenues pledged to the repayment of the bonds issued to fund the program.

Revenues generated from the Mortgage Credit Certificate Program and Low Income Housing Tax Credit Program reflect applicable fees charged to applicants. Revenues from the Rental Assistance Revolving Fund primarily reflect interim construction loan payments which are used to make additional loans.

Finally, the Rental Housing Trust Fund obtains revenues generated by a share of the conveyance tax proceeds.

- I. <u>Summary of Analysis Performed</u> Not applicable.
- J. <u>Further Considerations.</u> None.

PROGRAM ID:

PROGRAM STRUCTURE NO. 06

PROGRAM TITLE:

SOCIAL SERVICES

		IN DOLL	.ARS			IN THOUS	SANDS	
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST PERSONAL SERVICES OTHER CURRENT EXPENSES	*	30.00* 4,425,386 26,182,875	*	*	*	*	*	*
TOTAL OPERATING COST		30,608,261						
BY MEANS OF FINANCING OTHER FED. FUNDS		3,000,000		   	*	•		•
TRUST FUNDS	*	22,000,000	*	*	*	*	*	*
REVOLVING FUND		5,608,261						
TOTAL POSITIONS TOTAL PROGRAM COST	*	30.00* 30,608,261	*	*	*	*	*	*
			*========					

PROGRAM ID:

BED229

PROGRAM STRUCTURE NO. 06020205

PROGRAM TITLE:

HHFDC ADMINISTRATION

PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST PERSONAL SERVICES OTHER CURRENT EXPENSES	*	15.00* 1,405,408 693,118	*	*   	*	*	*	*
TOTAL OPERATING COST		2,098,526		=======================================	## ## #= == ## ## WE			******
BY MEANS OF FINANCING	*	15.00*	*	     **	*	*	*	*
REVOLVING FUND	•	2,098,526		· !				
TOTAL POSITIONS TOTAL PROGRAM COST	*	15.00* 2,098,526	*	*	*	*	*	*
IVIAL FROORAM COS!							=======	

PROGRAM ID:

BED225

PROGRAM STRUCTURE NO. 06020207

PROGRAM TITLE:

PRIVATE HOUSING DEV & OWNERSHIP

PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST PERSONAL SERVICES OTHER CURRENT EXPENSES	*	6.00* 1,523,371 384,702	*	*	*	*	*	*
TOTAL OPERATING COST		1,908,073						
BY MEANS OF FINANCING	*	6.00*	*	  -  -	*	*	*	ub.
REVOLVING FUND	*	1,908,073	*		ጥ	*	*	*
TOTAL POSITIONS TOTAL PROGRAM COST	*	6.00* 1.908.073	*	*	*	*	*	*
						*******		

PROGRAM ID:

BED223

PROGRAM STRUCTURE NO. 06020209

PROGRAM TITLE:

BROADENED HOMESITE OWNERSHIP

DRACE W SYRENDITURES	FY2005-06	IN DOLI FY2006-07	FY2007-08	FY2008-09		IN THOUS	FY2011-12	FY2012-13
PROGRAM EXPENDITURES	F12005-06	F12006-07	F12007-06	F12006-09	F12003-10		112011 12	
OPERATING COST PERSONAL SERVICES OTHER CURRENT EXPENSES	*	* 157,973 53,500	*	*	*	*	*	*
TOTAL OPERATING COST		211,473			******			
BY MEANS OF FINANCING	*	*		! ! yy.!	*	*	*	. *
REVOLVING FUND	·	211,473	·			•	·	·
TOTAL POSITIONS TOTAL PROGRAM COST	*	* 211,473	*	*   *   	*	*	*	*
			=======================================		*******		=======	

PROGRAM ID:

BED227

PROGRAM STRUCTURE NO. 06020211

PROGRAM TITLE:

HOUSING FINANCE

	;					IN THOUSANDS				
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13		
OPERATING COST PERSONAL SERVICES OTHER CURRENT EXPENSES	*	9.00* 1,262,332 3,127,857	*	*	*	*	*	*		
TOTAL OPERATING COST		4,390,189								
BY MEANS OF FINANCING OTHER FED. FUNDS	*	3,000,000 9.00*	ate	i i i y,	*	*	*			
REVOLVING FUND	*	1,390,189	*	*	*	•	•	*		
TOTAL POSITIONS TOTAL PROGRAM COST	*	9.00* 4,390,189 =======	*	*	*	*	*	*		

PROGRAM ID:

BED231

PROGRAM STRUCTURE NO. 06020217

PROGRAM TITLE:

RENTAL HOUSING TRUST FUND

		IN DOLL	_ARS	[	IN THOUSANDS				
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09		FY2010-11	FY2011-12	FY2012-13	
OPERATING COST PERSONAL SERVICES OTHER CURRENT EXPENSES	*	76,302 21,923,698	*	*	*	*	*	*	
TOTAL OPERATING COST	200 600 600 600 600 600 700 700 700 600 700 7	22,000,000		=======================================	10 10 50 55 EN 57 FF FF FF	========			
BY MEANS OF FINANCING	*	*	*	*	*	*	*	*	
TRUST FUNDS		22,000,000		 					
TOTAL POSITIONS TOTAL PROGRAM COST	*	22,000,000	*	*	*	*	*	*	
	*********								

PROGRAM ID:

PROGRAM STRUCTURE NO. 11

PROGRAM TITLE:

GOVERNMENT-WIDE SUPPORT

		IN THOUSANDS						
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST	48.00*	49.00*	50.00*	50.00*	50.0*	50.0*	50.0*	50.0*
PERSONAL SERVICES	3,136,406	3,271,643	3,696,234	3,696,640	3,696	3,696	3,696	3,696
OTHER CURRENT EXPENSES	4,299,792	4,258,902	4,767,795	4,588,795	4,585	4,585	4,585	4,585
EQUIPMENT	31,825	43,876						
TOTAL OPERATING COST	7,468,023	7,574,421	8,464,029	8,285,435	8,281	8,281	8,281	8,281
	*****	## ## ## ## ## ## ## ## ## ## ## ## ##			<del></del>			######################################
BY MEANS OF FINANCING				!				
	40.00*	41.00*	42.00*	42.00*	42.0*	42.0*	42.0*	42.0*
GENERAL FUND	3,005,702		3,390,916	3,337,321	3,338	3,338	3,338	3,338
	4.00*	4.00*	*	*!	*	*	*	*
SPECIAL FUND	1,287,161	1,237,557		į				
	4.00*	4.00*	4.00*	4.00*	4.0*	4.0*	4.0*	4.0*
OTHER FED. FUNDS	3,175,160	2,304,282	2,483,083	2,358,084 ¦	2,358	2,358	2,358	2,358
	*	*	4.00*	4.00*¦	4.0*	4.0*	4.0*	4.0*
INTERDEPT. TRANSFER			1,590,030	1,590,030 ¦	1,590	1,590	1,590	1,590
REVOLVING FUND		1,000,000	1,000,000	1,000,000	995	995	995	995
TOTAL POSITIONS	48.00*	49.00*	50.00*	50.00*	50.00*	50.00*	50.00*	50.00*
TOTAL PROGRAM COST	7,468,023	7,574,421	8,464,029	8,285,435	8,281	8,281	8,281	8,281
					=======	=======		

PROGRAM ID:

BED144

PROGRAM STRUCTURE NO. 11010302

PROGRAM TITLE:

STATEWIDE PLANNING & COORDINATION

		IN THOUSANDS						
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST	22.00*	23.00*	23.00*	23.00*	23.0*	23.0*	23.0*	23.0*
PERSONAL SERVICES	1,740,650	1,857,354	2,042,767	2,042,961	2,043	2,043	2,043	2,043
OTHER CURRENT EXPENSES EQUIPMENT	3,077,461 16,400	3,069,489	3,194,489	3,069,489	3,065	3,065	3,065	3,065
TOTAL OPERATING COST	4,834,511	4,926,843	5,237,256	5,112,450	5,108	5,108	5,108	5,108
BY MEANS OF FINANCING	18.00*	19.00*	19.00*	19.00*	19.0*	19.0*	19.0*	19.0*
GENERAL FUND	1,659,351	1,622,561	1,754,173	1,754,366	1,755	1,755	1,755	1,755
	4.00*	4.00*	4.00*	4.00*	4.0*	4.0*	4.0*	4.0*
OTHER FED. FUNDS	3,175,160	2,304,282	2,483,083	2,358,084	2,358	2,358	2,358	2,358
REVOLVING FUND		1,000,000	1,000,000	1,000,000	995	995	995	995
TOTAL POSITIONS	22.00*	23.00*	23.00*	23.00*	23.00*	23.00*	23.00*	23.00*
TOTAL PROGRAM COST	4,834,511	4,926,843	5,237,256	5,112,450	5,108	5,108	5,108	5,108

#### PERFORMANCE MEASURES AND PROGRAM REVENUES STATE OF HAWAII

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:

BED144
11010302
STATEWIDE PLANNING AND COORDINATION

	FY	FY	FY	FY	FY	FY	FY	FY
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS	2000 00	2000 07	2007 00	2000 00	2000 ,0		2011 12	2012 10
1. # OF PLANS/STUDIES PREPARED IN TIMELY MANNER 2. #LUC DECISIONS UPHLDG OP POS AS %TOT LUC DECSNS 3. # ACRES INVOLVED IN LUC DECISIONS SPPRTG OP POSTN 4. # RVIEWS OF FED ACTIV PROPSD/CONDUCTD IN CZM AREA 5. #STATE/CNTY PROGS AIMG TO ATTN OBJ OF CZM PROG	6	5	5	5	5	5	5	5
	100	95	100	100	100	100	100	100
	771	5256	2000	1500	1500	1500	1500	1500
	50	40	40	40	40	40	40	40
	386	386	386	386	386	386	386	386
PROGRAM TARGET GROUPS  1. STATE RESIDENT POPULATION (THOUSANDS)  2. NO. OF APPLICANTS FOR FEDERAL PERMITS & LICENSES  3. NUMBER OF APPLICANTS FOR LAND USE REVIEWS	1280	1284	1290	1300	1346	1410	1415	1420
	33	40	50	55	55	55	60	60
	10	15	9	6	6	6	6	6
PROGRAM ACTIVITIES  1. # SPECIAL PLANS/PLNNG REPORTS DEVELOPED/REVIEWED 2. # OF COUNTY GENERAL & DEV PLANS/AMENDMTS REVUED 3. # LU BOUNDARY AMDT PETITIONS, OTH LUC ITEMS REVW'D 4. # STATE POSN STATEMTS PREP FOR LU BOUNDRY CHG PETS 5. NUMBER OF FEDERAL CONSISTENCY REVIEWS 6. STATE PERMITS/APPROVALS REVIEWED BY CZM PROGRAM	6	6	6	6	6	6	6	6
	30	30	30	30	30	30	30	30
	10	13	10	7	7	7	7	7
	5	13	9	6	6	6	6	6
	83	80	85	85	85	85	85	85
	14	14	14	14	14	14	14	14
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUE FROM OTHER AGENCIES: FEDERAL TOTAL PROGRAM REVENUES	3,678	3,419	2,383	2,570	2,709	2,860	2,860	2,860
	3,678	3,419	2,383	2,570	2,709	2,860	2,860	2,860
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) GENERAL FUNDS SPECIAL FUNDS TOTAL PROGRAM REVENUES	10 3,668 3,678	150 3,269 3,419	2,383 2,383	2,570 2,570	2,709 2,709	2,860 2,860	2,860 2,860	2,860 2,860

# A. Statement of Program Objectives

To enhance the efficiency and effectiveness of State programs by maintaining a comprehensive statewide planning process, through the formulation of a State policy plan and the development of a policy planning and implementation framework; undertaking comprehensive land use and coastal zone planning, management, and implementation; facilitating intergovernmental coordination and cooperation; undertaking strategic and regional planning to address areas of critical State concerns relating to social, economic or physical conditions; and promoting programs and capital improvement projects which further State policies.

# B. Description of Request and Compliance with Section 37-68 (1) (A) (B).

The budget request includes the following:

- 1. Re-establish and fund OP Director Secretary, \$36,000. The position is necessary to increase office efficiency; relieve heavy workload of existing staff and allow OP to carry out mandatory and additional projects.
- 2. Increase in Federal fund ceiling of \$125,000 for FY08 to reflect an increase in grant funds from the Economic Development Administration to implement the Hawaii Statewide Comprehensive Economic Development Strategy (CEDS).

# C. Description of Activities Performed

The Office of Planning (OP), Department of Business, Economic Development and Tourism (DBED) administers this program which is designed to assist in the overall analysis and formulation of State policies and strategies. The major activities include:

- 1. Comprehensive, Regional and Strategic Planning. OP promotes growing in ways that ensure a high quality of life and sustainable economic growth.
- Land Use Planning. Developing and presenting the position of the State and
  assisting State agencies in all boundary change petitions and proceedings before
  the Land Use Commission, and conducting a periodic review of State Land Use
  district boundaries.

- 3. Coastal and Ocean Policy Management. Carrying out the lead agency responsibilities for the Hawaii Coastal Zone Management Program (CZM), and coordinating the implementation and periodic update of the Ocean Resources Management Plan.
- 4. Planning and Geographic Information System. Planning, developing, implementing and coordinating a statewide planning and geographic information system. Development of planning applications including spatial data and analyses to enhance decision-making.
- Administering \$2 million of Federal funds for the Brownfields Cleanup Revolving Loan Fund program and Brownfields Site Assessment grant and administering Federal funds to implement the Statewide CEDS.

#### D. Summary of Key Policies Pursued

- Hawaii State Plan (Chapter 226, HRS). Serves as a long-range development guide for the State by identifying goals, objectives, policies and priorities. In particular, the program addresses Sec. 226-104, Priority Guidelines for Population Growth and Land Resources.
- CZM objectives and policies (Section 205A-2, HRS). Sets forth objectives and
  policies relating to recreational, historic, scenic and open space resources, coastal
  ecosystems, economic uses, coastal hazards, beach protection and other related
  areas.
- 3. State Land Use Law (Chapter 205, HRS).

# E. Identification of Important Program Relationships

OP works closely with many Federal, State and County agencies in the development of policies, preparation of plans and studies and in implementation activities. Specific projects which involve coordination with other State and County agencies include implementing the Geographic Information System Program, implementing the Coastal Zone Management Program, preparing the State's position before the Land

Use Commission, coordinating the Hawaii comprehensive economic development strategy and participating in Brownfields partnerships.

# F. Major External Trends Affecting the Program

Among the many externalities that directly and indirectly impinge on program activities are national and international economic conditions and the State's fiscal and economic condition. These conditions affect land demand for resort, commercial, industrial, residential and agricultural uses and coastal and ocean activities which have potential impacts on natural, cultural, historic, recreational and other resources. Federal policies and regulations and court decisions also impact program activities.

# G. Discussion of Cost, Effectiveness and Program Size Data

OP has continued to focus on its core statutory functions and Federally-funded programs and priority project areas of the Administration and Legislature.

OP's workload has grown because of increases in land use petitions, Special Management Area (SMA) permits, Federal Consistency Reviews and other permits due to the upturn in the economy and the National Oceanic and Atmospheric Administration (NOAA) requirements that the CZM Program do more for the Federal funds that it receives. The program maintained its effectiveness and productivity despite these challenges.

# H. Discussion of Program Revenues

Under the Hawaii Coastal Zone Management Program (CZM-Hawaii), State and County agencies have direct responsibilities in implementing the Hawaii CZM law, Chapter 205A, HRS. Federal fund grants to CZM support projects and activities protecting Hawaii's coastal resources. Federal funds for Brownfields loans and site assessment and EDA grants for economic plans have also been received.

#### I. Summary of Analysis Performed

The GIS Strategic Plan was prepared. Findings included the assessment that the State of Hawaii establish a strong geospatial infrastructure and enterprise GIS to improve the decision-making process. Hawaii decision-makers must have easy statewide access of services and information that is comprehensive, accurate, and consistent. The continued development of a centralized GIS data base will facilitate access and improve overall efficiency and productivity by providing a one-stop shop of digital spatial data. This is especially true in planning for and responding to emergencies and disasters. The primary objective of the State GIS Program as the coordinating agency for GIS in Hawaii State government is to improve the implementation and use of the Statewide GIS for all agencies.

Continued growth in Hawaii's population is projected and will impact the need for land for urban and economic uses and the protection of conservation resources. A comprehensive Boundary Review will assist in addressing these growth issues.

### J. <u>Further Considerations</u> None.

-385-

PROGRAM ID:

BED103

PROGRAM STRUCTURE NO. 11010303

PROGRAM TITLE:

STATEWIDE LAND USE MANAGEMENT

						IN THOUSANDS				
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13		
OPERATING COST	6.00*	6.00*	6.00*	6.00*	6.0*	6.0*	6.0*	6.0*		
PERSONAL SERVICES	312,574	312,449	337,865	337,917	338	338	338	338		
OTHER CURRENT EXPENSES EQUIPMENT	141,818 11,303	153,751	153,751	153,751	154	154	154	154		
TOTAL OPERATING COST	465,695	466,200	491,616	491,668	492	492	492	492		
	. COL		plan days again may again alan mad mile raph raph obto men							
BY MEANS OF FINANCING				1						
	6.00*	6.00*	6.00*	6.00*¦	6.0*	6.0*	6.0*	6.0*		
GENERAL FUND	465,695	466,200	491,616	491,668	492	492	492	492		
TOTAL POSITIONS	6.00*	6.00*	6.00*	6.00*	6.00*	6.00*	6.00*	6.00*		
TOTAL PROGRAM COST	465,695	466,200	491,616	491,668	492	492	492	492		
		~~~~======				=======	=======			

#### PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:

BED103
11010303
STATEWIDE LAND USE MANAGEMENT

	FY	FY						
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS  1. NUMBER OF ACRES REVIEWED FOR RECLASSIFICATION 2. NUMBER OF ACRES REVIEWED FOR SPECIAL PERMIT	1500	1500	1500	1500	1500	1500	1500	1500
	300	300	300	300	300	300	300	300
PROGRAM TARGET GROUPS  1. APPLICANTS FOR LAND USE REVIEW	850	850	850	850	850	850	850	850
PROGRAM ACTIVITIES  1. LAND USE BOUNDARY CHANGE PETITIONS PROCESSED  2. SPECIAL PERMIT APPLICS PROCESSED  3. LAND USE BOUNDARY INTERPRET - REQUESTS PROCESSED  4. MOTIONS PROCESSED	10	10	10	10	10	10	10	10
	3	3	3	3	3	3	3	3
	850	850	850	850	850	850	850	850
	25	25	25	25	25	25	25	25
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) CHARGES FOR CURRENT SERVICES TOTAL PROGRAM REVENUES	4	4	4	4	4	4	4 4	4 4
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) GENERAL FUNDS TOTAL PROGRAM REVENUES	4 4	4 4	4 4	4 4	4 4	4	<u>4</u> 4	4 4

### A. Statement of Program Objectives

To preserve, protect, and encourage the development and preservation of lands in the State for those uses to which they are best suited in the interest of public health and welfare of the people of the State of Hawaii through the implementation of the State Land Use Law, Chapter 205, Hawaii Revised Statutes (HRS), as amended.

### B. <u>Description of Request and Compliance with Section 37-68(1)(A)(B)</u> None.

#### C. Description of Activities Performed

The major activities of the Land Use Commission (LUC) include: (1) processing and deciding on district boundary amendment petitions which involve lands over 15 acres in the State Agricultural, Rural and Urban Districts, and all district boundary amendment petitions of lands in the Conservation District; (2) processing special permit applications for lands in the Agricultural or Rural Districts which are over 15 acres; (3) processing boundary interpretation requests; (4) monitoring of past LUC approvals; (5) maintaining, updating and disseminating official State land use district boundary maps and land use statistics; and (6) providing public information.

### D. Statement of Key Policies Pursued

The State Land Use Law, Chapter 205, HRS, as amended, and Chapter 15-15, Hawaii Administrative Rules (HAR), provide statutory and administrative rules and guidelines for the LUC's consideration and decision on district boundary amendment petitions and special permit applications. Chapter 205, HRS, also requires that any decision by the LUC shall comply with the goals, objectives, policies, and priorities of the Hawaii State Plan, Chapter 226, HRS, as amended. Other policy guidelines are found in Chapter 205A, HRS, Coastal Zone Management.

### E. <u>Identification of Important Program Relationships</u>

During its review process for district boundary amendment petitions, the LUC is required to consider the extent to which the proposed reclassification conforms to the applicable goals, objectives, and policies of the Hawaii State Plan and relates to the applicable priority guidelines and adopted functional plans, all of which are presently

administered by the Office of Planning. The LUC is also bound by rules to consider, the relevant objectives, policies and guidelines of the Coastal Zone Management Program, and the General Plan of the respective county in which the land is located.

#### F. Description of Major External Trends Affecting the Program

Major external trends affecting the program include: (1) general economic conditions on a local and national scale; (2) population and tourism growth; (3) commercial and industrial development; and (4) federal programs and policies.

# G. Discussion of Cost, Effectiveness, and Program Size Data

The effectiveness of the program is measured by (1) the number of acres reviewed for reclassification; and (2) the number of acres reviewed for special permit. Program effectiveness may also be measured by the timeliness and efficiency in which the LUC processes district boundary amendment petitions and special permit applications according to statutory requirements. As the LUC, while operating on a restricted and declining budget, has consistently approved on a timely basis, a significant amount of acreage statewide for various needed uses while protecting the State's interest in land use, the program can therefore be considered highly cost-effective. The LUC will continue to review its procedures and operations to remain as cost-effective as possible over the upcoming budget period to comply with its statutory mandate.

# H. Discussion of Program Revenues

State receipts generated by this program include: (1) \$500 filing fee for district boundary amendment petitions; and (2) a \$50 filing fee for intervention petitions pursuant to section 205-4.1, HRS, and sections 15-15-49 and 15-15-52, HAR, respectively. All fees collected are deposited to the general fund.

### Summary of Analysis Performed None.

# J. Further Considerations

None.

### OPERATING AND CAPITAL EXPENDITURES

PROGRAM ID:

BED130

PROGRAM STRUCTURE NO. 11010304

PROGRAM TITLE:

ECONOMIC PLANNING & RESEARCH

~~~~~~~~~~~~	IN DULLA	/K2			IN 11003	SANDS	
FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
20.00*	20.00*	21.00*	21.00*	21.0*	21.0*	21.0*	21.0*
1,083,182	1,101,840	1,315,602	1,315,762	1,315	1,315	1,315	1,315
1,080,513	1,035,662		1,365,555	1,366	1,366	1,366	1,366
4,122	43,876					-	
2,167,817	2,181,378	2,735,157	2,681,317	2,681	2,681	2,681	2,681
			1				
16.00*	16.00*	17.00*	17.00*	17.0*			17.0*
880,656	943,821	1,145,127	1,091,287	1,091	1,091	1,091	1,091
4.00*	4.00*	*	*!	*	*	*	*
1,287,161	1,237,557		!				
*	*	4.00*	4.00*	4.0*	4.0*	4.0*	4.0*
		1,590,030	1,590,030	1,590	1,590	1,590	1,590
20 00*	20 00*	21.00*	21.00*	21.00*	21.00*	21.00*	21.00*
							2,681
2,101,011			=======================================	========			
	FY2005-06	FY2005-06 FY2006-07  20.00* 20.00* 1,083,182 1,101,840 1,080,513 1,035,662 4,122 43,876  2,167,817 2,181,378	FY2005-06 FY2006-07 FY2007-08  20.00* 20.00* 21.00* 1,083,182 1,101,840 1,315,602 1,080,513 1,035,662 1,419,555 4,122 43,876  2,167,817 2,181,378 2,735,157	FY2005-06 FY2006-07 FY2007-08 FY2008-09  20.00* 20.00* 21.00* 21.00*  1,083,182 1,101,840 1,315,602 1,315,762  1,080,513 1,035,662 1,419,555 1,365,555  4,122 43,876  2,167,817 2,181,378 2,735,157 2,681,317	FY2005-06         FY2006-07         FY2007-08         FY2008-09         FY2009-10           20.00*         20.00*         21.00*         21.00*         21.00*           1,083,182         1,101,840         1,315,602         1,315,762         1,315           1,080,513         1,035,662         1,419,555         1,365,555         1,366           4,122         43,876	FY2005-06         FY2006-07         FY2007-08         FY2008-09         FY2009-10         FY2010-11           20.00*         20.00*         21.00*         21.00*         21.0*         21.0*           1,083,182         1,101,840         1,315,602         1,315,762         1,315         1,315           1,080,513         1,035,662         1,419,555         1,365,555         1,366         1,366           4,122         43,876	FY2005-06         FY2006-07         FY2007-08         FY2008-09         FY2009-10         FY2010-11         FY2011-12           20.00*         20.00*         21.00*         21.00*         21.0*         21.0*         21.0*         21.0*           1,083,182         1,101,840         1,315,602         1,315,762         1,315         1,315         1,315         1,315           1,080,513         1,035,662         1,419,555         1,365,555         1,366

#### PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:

BED130
1010304
ECONOMIC PLANNING AND RESEARCH FOR ECONOMIC DEVELOPMENT

	FY	FY	FY	FY	FY	FY	FY	FY
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS  1. # REQ FOR ANALYSIS, RESEACH & DATA PROJECTS  2. # PUB PRODUCED (INC INTERNET & ELEC PROD)  3. ACCURACY OF ECON & DEMOG FORECASTS (% ERROR)  4. % TOUR STAT REPT ISSD W/30 DAYS OF DATA MNTH-END  5. % OF OTHER TIME-SENSITIVE REPT ISSD AS SCHED	1045	1000	1000	1000	1000	1000	1000	1000
	63	60	60	60	60	60	60	60
	2	1	1	1	1	1	1	1
	100	95	95	95	95	95	95	95
	95	95	95	95	95	95	95	95
PROGRAM TARGET GROUPS  1. # USERS OF DBEDT LIB,STATE DATA CTR,& WEBSITE	10	10	10	10	10	10	10	10
PROGRAM ACTIVITIES  1. # ANLYS OF POLICY & ECON ISSUES CONDUCTED  2. # RPTS, MEMOS, OR PUB ON ECON ISSUES PRODUCED  3. #ECON/TOUR DATA TBLE PUB THRU MO&QTR RPTS&DATA BK  4. #NEW ARTICLES PLACED ON DBEDT WEBSITE  5. #QTRLY SHORT-TERM FORECASTS PRODUCED  6. #UPDATES LONG-RUN FORECASTS & INPUT-OUTPUT MODEL  7. #ECONOMIC IMPACT ANALYSES CONDUCTED  8. #DATA GATHER&DISSEM ACT SUPPORT US CENSUS BUREAU  9. #HAWAII GROSS STATE PRODUCT ACCTS UPDATES PUBLISH	58 1741 1939 186 4 1 5 7	60 1700 1800 190 4 1 5 6	60 1700 1800 190 4 1 5 6	60 1700 1800 190 4 1 5 6	60 1700 1800 190 4 1 5 6	60 1700 1800 190 4 1 5 6 6	60 1700 1800 190 4 1 5 6 6	60 1700 1800 190 4 1 5 6 6

#### A. Statement of Program Objectives

To enhance and contribute to the economic development of the State by providing plans, analyses and policy recommendations on economic issues; conducting and reporting on basic research into the economy of the state, collecting, compiling, interpreting and publishing data and statistics on all aspects of business activity, the economy and demographic characteristics of the State; and developing and maintaining a statewide statistical reporting system.

#### B. Description of Request and Compliance with Section 37-68(1)(A)(B)

Beyond the program's base-budget, funds in the amount of \$89,000 in FY 08 and \$35,000 in FY 09 are requested to develop and maintain a web-based, Automated Data Warehouse system. The system will permit users of DBEDT economic and statistical data to generate custom data tables with the specific data and formats that address their needs. This is the equivalent of having a State Data Book with many thousands of tables rather a few hundred standard tables. This will empower government agencies, businesses and the public to quickly develop custom data reports saving them hours of time. It also will permit the program to reallocate resources from creating hundreds of standard tables to generate new data and analysis from such rich sources as the Federal economic censuses and population surveys. The program is also requesting that one temporary position (Statistician IV) be made permanent. This will help greatly in recruiting qualified applicants for this important position in the Statistics and Data Support Branch. This request has no associated

### C. Description of Activities Performed

budget costs.

Develop analyses and reports on the condition and issues regarding Hawaii's economy, including state population and economic projections, measures of emerging industry such as technology. This includes developing and using such economic analysis tools as the state and county Input-Output models and long-range economic model to help guide state, county and private-sector planning efforts.

Compiled and published an array of important statistical data on the DBEDT web site, including the *State of Hawaii Data Book, Quarterly Statistical and Economic Report*, monthly visitor statistics such as arrival and characteristic reports, expenditure reports and information on cruise ship spending, as well as numerous economic reports.

Conducted Census-related workshops to enhance businesses' ability to mine census data for marketing and business development purposes.

Partnered with agencies such as the Workforce Development Council, University of Hawaii and Enterprise Honolulu to develop an understanding of and options for addressing workforce related economic challenges ranging from measurement of target industries to the emerging labor shortage.

Respond through the DBEDT Library to more than 3,500 requests per year for information and other inquiries to the department

#### D. Statement of Key Policies Pursued

Provide policy makers in State government with economic data, plans and alternatives to facilitate decision making for programs in concert with Priority

Directions of the Hawaii State Plan as found in Chapter 226: especially 103 (a), (b), (c), (d), (e), (f), (g) and 104 (a) and (b).

Develop and provide accurate, complete statistics and ongoing and special analyses of economic and business issues affecting the State to assist decision making by the Administration, Legislature, and the business community.

Perform basic research to establish to forecast changes in economic and social conditions which will affect the Priority Directions outlined above.

Anticipate needs, overcome information deficiencies, and monitor all State statistical programs for accuracy and validity.

#### E. Identification of Important Program Relationships

The program maintains important relationships with decision makers in the State Administration, Legislature, private industry, and Federal agencies, in order to provide the highest quality information and economic analysis support in meeting the State's economic development goals.

#### F. Description of Major External Trends Affecting the Program

Over the last several years the program's priorities have centered on assisting in the recovery from the September 11, 2001 tragedy, national recession and other impediments to the travel industry and economic expansion. For example, the program developed daily information on passenger arrivals and unemployment claims shortly after the 9/11 tragedy to permit nearly daily monitoring of the decline and recovery of tourism.

As the pace of economic growth begins to ease from several years of rapid expansion in tourism and construction, the program is focusing attention on supporting efforts to maintain growth in emerging industries such as technology, life sciences, dual use research and development and creative industries, and assisting in the development of a skilled workforce to support that development. This is being done in collaboration with the program's various research partners in the public and private sectors,

including DLIR, HTA, UH, the Workforce Development Council and Enterprise Honolulu to mention a few.

#### G. Discussion of Cost, Effectiveness, and Program Size Data

Reductions in the program's General Fund "other current expenditures" over the last several budget periods have precluded the ability to fund more than necessary operating expenses of General Fund activities. Consequently, most hard copy printing of reports and the engaging of outside, supplemental research services, have been severely limited. The program has sought to address this challenge. The program has turned to electronic dissemination of information as the only viable conduit for most of the statistical and economic information produced by the program outside of tourism information. The program has initiated a series of online publications including the e-report series, the online and CD ROM versions of the State Data Book and the online Quarterly Statistical and Economic Report. The program continues to seek ways to economize, including careful consideration of research priorities, staff development to permit all research needs to be performed in house, and elimination of numerous subscriptions and publications. The program's request to fund an Automated Data Warehouse system is an effort to provide more long-run efficiency into the goal of supplying information, while also reallocating resources to developing important information on Hawaii's economic progress.

Measures of Effectiveness in FY-06 were comparable to results achieved in FY 05.

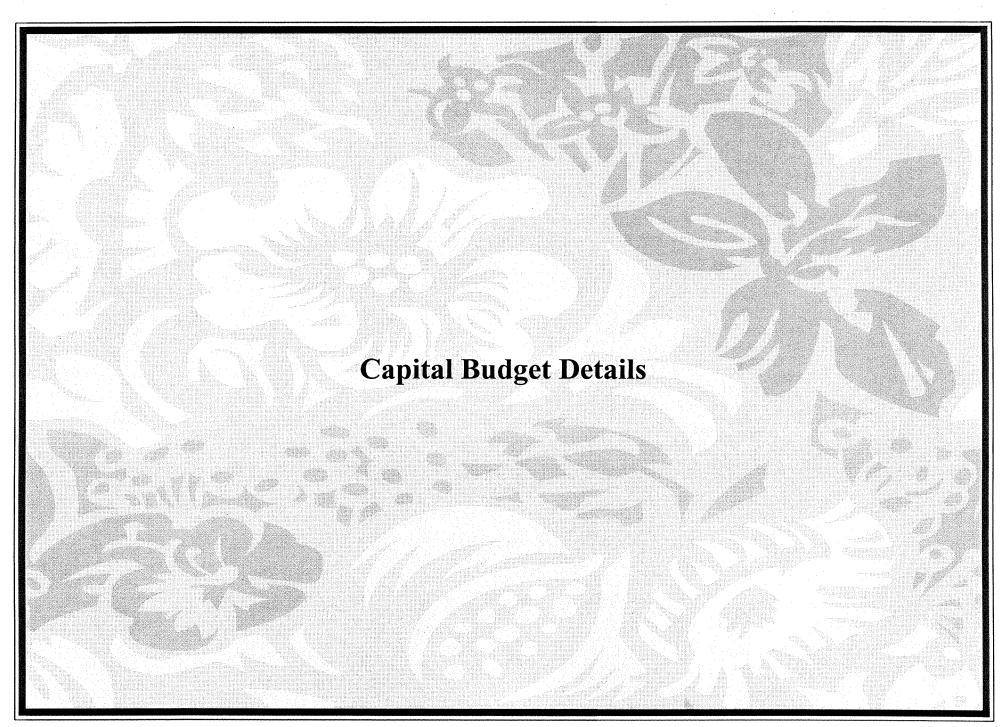
#### H. Discussion of Program Revenues

Minor revenues of roughly \$300 per year are generated through sale of the State Data Book on CD-ROM.

### I. <u>Summary of Analysis Performed</u> No major program changes are planned.

### J. <u>Further Considerations</u>

NA



STATE OF HAWAII PROGRAM ID

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

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BED-100

PROGRAM STRUCTURE NO. 010101

PROGRAM TITLE

STRATEGIC MARKETING & SUPPORT

ROJECT	PRIORITY	LOC	SCOPE	PRO	DJECT TITLE									
NUMBER	NUMBER							BUDGET P						
		COST	ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09 10	FY 10-11	FY 11-12	FY 12-13	SUCCEED
		C021	ELEMENI/MOF		1113							11-12	12 13	1 EAR3
50001			NEM	WAIPAHU COMMU	JNITY ASSOCI	ATION, OAHU								
		CONST	TRUCTION	500		300	200							
		TOTAL		500		300	200							
		G.O.	BONDS	500		300	200							
				PROGRAM TOTAL		n salar mala salan siada dani dalah alahi dalah SAMA SAMA SAMA SAMA SAMA SAMA SAMA SAM				,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	. Make alles about have been broad over the same about the same			. After taker town come state after very some rates and
		CONST	TRUCTION	500		300	200							
		TO	DTAL	500	- Lib Lib 20 - 100 100 300 400 400 400 400 100 400	300	200	ALL ALL ALL AND						
		G.O.	BONDS	500		300	200							

PROGRAM ID

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

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PROGRAM STRUCTURE NO. 010104

BED-142

PROGRAM TITLE

GENERAL SUPPORT FOR ECONOMIC DEVELOPMENT

ROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PRO	DJECT TITLE			BUDGET P	FRIOD					
NONDER	NONDER	COST	ELEMENT/MOF	PROJECT Total	PRIOR YRS	FY 05-06	FY 06-07	FY	FY 08-09	FY 09 10	FY 10-11	FY 11-12	FY 12-13	SUCCEED YEARS
TA004	<u></u>		NEM	HONOLULU ZOO	SOCIETY, O	.HU								
		CONS	TRUCTION	200		200								
		T(	OTAL	200		200								
		G.O. BONDS		200		200								
				PROGRAM TOTAL	.s			· · · · · · · · · · · · · · · · · · ·		النا الثا الثا الثا الثا الثا الثا الثا	dalah salah salah salah dalah		THE OWN HAS THE SELECTION WHE SELECTION WHEN SELECTION WAS	
		CONS	TRUCTION	200		200								
		TO	TAL	200		200							ARRE ARRE UNIO 1864 ARRE PERF ARRE ARRE UNIO UNI	
		G.O.	BONDS	200		200								

STATE OF HAWAII PROGRAM ID

# REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

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PROGRAM STRUCTURE NO. 010504

BED-146

NATURAL ENERGY LAB OF HAWAII AUTHORITY PROGRAM TITLE

PROJECT	PRIORITY NUMBER	LOC	SCOPE	PRO	JECT TITLE			BUDGET P	ERIOD					
		COST	ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09 10	FY 10-11	FY 11-12	FY 12-13	SUCCEED YEARS
NELH10	0003		ADDITION	NELHA ONSHORE	DISTRIBUTIO	N SYSTEM, HA	MAII							
		PLANS		215	35		180							
		DESIG		790	430		360							
			RUCTION	11,109	11,109									
		EQUIF	'MENI	8,915	8,915									
		TC	)TAL	21,029	20,489		540							
		G.O.	BONDS	21,029	20,489		540							
IELH13	0006		ADDITION	NELHA/HOST PA	RK INFRASTRU	CTURE UPGRAD	DES, H	AWAII			a waa maa aan aan aan wax oo may ban soo atta so			DE VERT VERT AUGUS OFFICE COST AND MICE MADE AND AND
		PLANS	•	9	9									
		DESIG		60	60									
			RUCTION	1,871	1,821		50							
		T0	TAL	1,940	1,890		50	<del></del>		······································		a prima krigori krigor delgar namak krigat ramak nama bahat kriga kriga	PR-1894 MAP WHIP THE HIM YOU THE SINE MAS AND AND	
		G.O.	BONDS	1,940	1,890		50							
IELH26			NEM	GROUNDWATER E	NVIRONMENTAL	MONITORING	WELLS, H	AWAII			<u></u>	~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~	T	
		DESIG	:N	24			24							
		EQUIP		288			288							
		TO	TAL	312			312	~					W-1804 1000 1805 1805 1805 1807 1807 1808 1805 1805	* ** **
		G.O.	BONDS	312			312							
ELH28			ADDITION	CONSTRUCT ADD	ITIONAL INFRA	ASTRUCTURE A	ND D	ISTRIBUTION	PIPELINES			adar nam vagr des des red han vadr mer wor	** \$400 -	
		PLANS		215	35		180							
		DESIG		790	430		360							
			RUCTION	14,609	11,109			3,500						
		EQUIP	MENT 	10,665	8,915 	· · · · · · · · · · · · · · · · · · ·		1,750						~ ···· · · · · · · · · · · · · · · · ·
		TO	TAL	26,279	20,489		540	5,250						
		G.O.	BONDS	26,279	20,489		540	5,250						

PROGRAM ID

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

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PROGRAM STRUCTURE NO. 010504

BED-146

NATURAL ENERGY LAB OF HAWAII AUTHORITY PROGRAM TITLE

PROJECT NUMBER	PRIORITY NUMBER	L <b>O</b> C	SCOPE	PRO	JECT TITLE			BUDGET PE	PTOD					
NUMBER	NUMBER			PROJECT	PRIOR	FY	FY	FY	FY	FY	FY	FY	FY	SUCCEED
		COST	ELEMENT/MOF	TOTAL	YRS	05-06	06-07	07-08	08-09	09 10	10-11	11-12	12-13	YEARS
IELH29			NEM	MASTER PLAN R	ECONFIGURAT	ION, HAWAII		water water days state state state while state s		<del></del>				
		PLANS		1			1							
		DESIG	3N 	299			299							
		тс	OTAL	300			300							
		G.O.	BONDS	300			300							
NELH31			NEM	NELHA-KONA IN	TERNATIONAL	AIRPORT CON	NECTOR	ROAD, HAWAII			ne appen mener halver deller deller verser verser mener penne deller best	T COTT WITH COME AND AND WINE SHEEL SHEEL SHEEL SHEEL		
		CONST	RUCTION	4,000			4,000							
		TO	OTAL	4,000		- Section Section Section Section Section Section Address Assets Section Secti	4,000				**************************************			<del></del>
		OTHER	FED. FUN	4,000			4,000							
IELH33	0004	DO4 NEW NELHA/HOST PARK ROAD AND UTILITY DISTRIBUTION SY							<u> </u>					
		PLANS		40			40							
		DESIG		360			360							
		то	TAL	400	or was not the out the date and the date and t		400	·	POR 101-101-101-101-101-101-101-101-101-101	000 AND AND MAY AND AND THE DAY 400 THE DAY	· · · · · · · · · · · · · · · · · · ·			
		G.O.	BONDS	400	NY TIEN TOER AND WEST ALLEY AND SHEET AND AND AND AND A		400							
				PROGRAM TOTALS	····									***************************************
		PLANS		635	234		401							
		DESIG	N	2,908	1,505		1,403							
			RUCTION	35,587	28,037		4,050	3,500						
		EQUIP	MENT	20,370	18,332		288	1,750						
		TO	TAL	59,500	48,108		6,142	5,250						
		G.O.		51,800	44,408		2,142	5,250					· · · · · · · · · · · · · · · · · · ·	

# REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

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PROGRAM ID

BED-150

PROGRAM STRUCTURE NO. 010701 PROGRAM TITLE

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

PROJECT	PRIORITY	LOC	SCOPE	PRO	JECT TITLE			BUDGET F	EDTOD					
NUMBER	NUMBER			PROJECT	PRIOR	FY	FY	FY	FY	FY	FY	FY	FY	SUCCEED
		COST	ELEMENT/MOF	TOTAL	YRS	05-06	06-07	07-08	08-09	09 10	10-11	11-12	12-13	YEARS
KA008			NEM	KAKAAKO MAKAI	IMPROVEMENTS	S, OAHU						de linke dank belak upon dank dape sinuk upon dank direk seri		
		PLANS	;	4	3		1							
		LAND		750	502		248							
		DESIG		3,251	2,501		750							
		CONST	RUCTION	21,195	21,194		1							
		ТО	TAL	25,200	24,200		1,000		-					
		G.O.	BONDS	25,200	24,200		1,000							
KA014			NEM	KEWALO BASIN	PARK IMPROVEN	MENTS, OAHU								
		PLANS		1		1								
		DESIG		100		100								
			RUCTION	898		898								
		EQUIP	MENT	1		1								
		TO	TAL	1,000		1,000								
		G.O.	BONDS	1,000		1,000								
KA016			NEM	KAKAAKO DRAIN	AGE IMPROVEME	NT, MAKAI	AREA, O	AHU						
		DESIG	N	1				1						
			RUCTION	1,799				1,799						
			 Tal	1,800				1,800						
		G.O. 1	BONDS	1,800				1,800						
KA018			NEM	KEWALO BASIN	IMPROVEMENTS,	OAHU								
		PLANS		30				30						
		DESIG	N	550				450	100					
			RUCTION	6,410				4,050	860	1,500				
		EQUIP	MENT 	40	بنیا نشار شار شار شار شار شار شار شار شار شار	name and game. When most layer better their error there are			40		-			
		TOT	TAL	7,030				4,530	1,000	1,500		a dans have since their total date have since since when the		
		G.O. E	BONDS REP	7,030				4,530	1,000	1,500				

PROGRAM TITLE

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PROGRAM ID

BED-150

PROGRAM STRUCTURE NO. 010701

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

	PRIORITY	LOC	SCOPE	PRO	JECT TITLE			BUDGET P	EDIOD					
NUMBER	NUMBER			PROJECT	PRIOR	FY	FY	FY	FKIOD	FY	FY	FY	FY	SUCCEED
		COST	ELEMENT/MOF	TOTAL	YRS	05-06	06-07	07-08	08-09	09 10	10-11	11-12	12-13	YEARS
KL004			NEM	KALAELOA SAFE	TY IMPROVEME	NTS, OAHU								
		PLANS		50				50						
		DESIG		50				50						
			RUCTION	500				500						
		EQUIP	MENT	500				500						
		ТО	TAL	1,100				1,100						
		G.O.	BONDS	1,100				1,100						
HCD001			NEM	KAKAAKO COMMU	NITY DEVELOP	MENT DISTRI	CT, OAHU					Makes address region states states about about about states and region and	<del></del>	
		PLANS		40,104	33,335	1,603	1,672	1,747	1,747					
		LAND		22,456	22,456									
		DESIG		12,532	12,532									
		CONST	RUCTION	69,708	69,708		······································							
		то	TAL	144,800	138,031	1,603	1,672	1,747	1,747					
		G.O.	BONDS	95,048	88,279	1,603	1,672	1,747	1,747					
		GENER	AL FUND	49,752	49,752	•	•	•	•					
				PROGRAM TOTAL	s							. When the best rates above the sales when the sales and the		
		PLANS		42,922	36,071	1,604	1,673	1,827	1,747	•				
		LAND		35,628	35,380	ŕ	248	ŕ	•					
		DESIG	N	33,240	31,789	100	750	501	100					
		CONST	RUCTION	221,141	211,533	898	1	6,349	860	1,500				
		EQUIP	MENT 	542	1	1 		500	40	· · · · · · · · · · · · · · · · · · ·				
		TO	ΓAL	333,473	314,774	2,603	2,672	9,177	2,747	1,500				
			AL FUND	63,560	63,560									
			FED. FUN	14,850	14,850									
			/ING FUND	2,000	2,000									
			BONDS REP	7,030				4,530	1,000	1,500				
			JE BONDS	20,000	20,000	0.400	0 (70		4 7/3					
		G.O. I	SUNUS	226,033	214,364	2,603	2,672	4,647	1,747					

PROGRAM ID

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

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BED-160

PROGRAM STRUCTURE NO. 0108

HAWAII HOUSING FINANCE AND DEVELOPMENT C PROGRAM TITLE PROJECT PRIORITY LOC SCOPE PROJECT TITLE BUDGET PERIOD NUMBER NUMBER **PROJECT** PRIOR FY FΥ FΥ FΥ FY FΥ FY SUCCEED 09 10 10-11 11-12 12-13 YEARS COST ELEMENT/MOF TOTAL YRS 05-06 06-07 07-08 08-09 WAIAHOLE VALLEY POTABLE WATER SYSTEM REPLACEMENT HFDC01 REPLACEMENT DESIGN 500 500 CONSTRUCTION 2,000 2,000 TOTAL 2,500 2,500 2,500 G.O. BONDS 2,500 PROGRAM TOTALS DESIGN 500 500 2,000 CONSTRUCTION 2,000 2,500 2,500 TOTAL G.O. BONDS 2,500 2,500

# REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

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PROGRAM ID

BED-225

PROGRAM STRUCTURE NO. 06020207

PROGRAM TITLE

PRIVATE HOUSING DEV & OWNERSHIP

ROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PRO	DJECT TITLE			BUDGET F	EDTOD					
NUMBER	NUMBER			PROJECT	PRIOR	FY	FY	FY	FY	FY	FY	FY	FY	SUCCEED
		COST	ELEMENT/MOF	TOTAL	YRS	05-06	06-07	07-08	08-09	09 10	10-11	11-12	12-13	YEARS
60038			NEM	HANA RANCH A	FFORDABLE H	DUSING DEVELO	PMENT, N	1AUI						
		PLANS	S	500		500								
		DESIG	GN	250		250								
		CONST	FRUCTION	750		750								
		тс	DTAL	1,500		1,500								
		G.O. BONDS		1,500		1,500			. 1000 1000 1000 1000 1000 1000 1000 10	<u></u>				
				PROGRAM TOTAL	 _S				T COME CAME AND AND CAME THAT THE THAT AND		<del></del>			
		PLANS	5	500		500								
		DESIG	SN	250		250								
		CONST	RUCTION	750		750								
		TO	TAL	1,500		1,500						- Tarke Tarke Later State Court court state Later Later Later		
		G.O.	BONDS	1,500		1,500		4 MARC PARK STOCK (\$500, 1940), PRINT VINDS AREA (1970) TOUR TOUR		NAME AND REST AND SOME AND VALUE AND				